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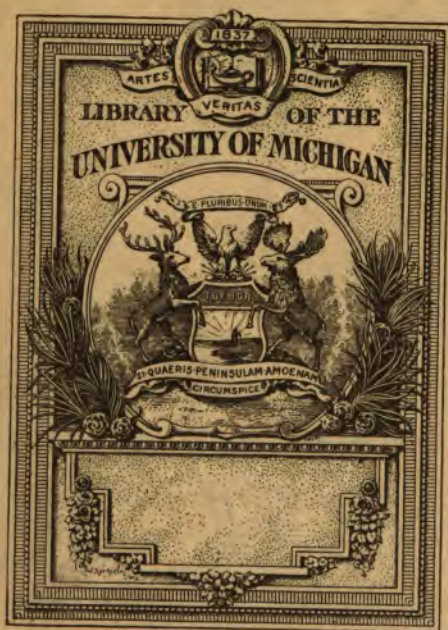
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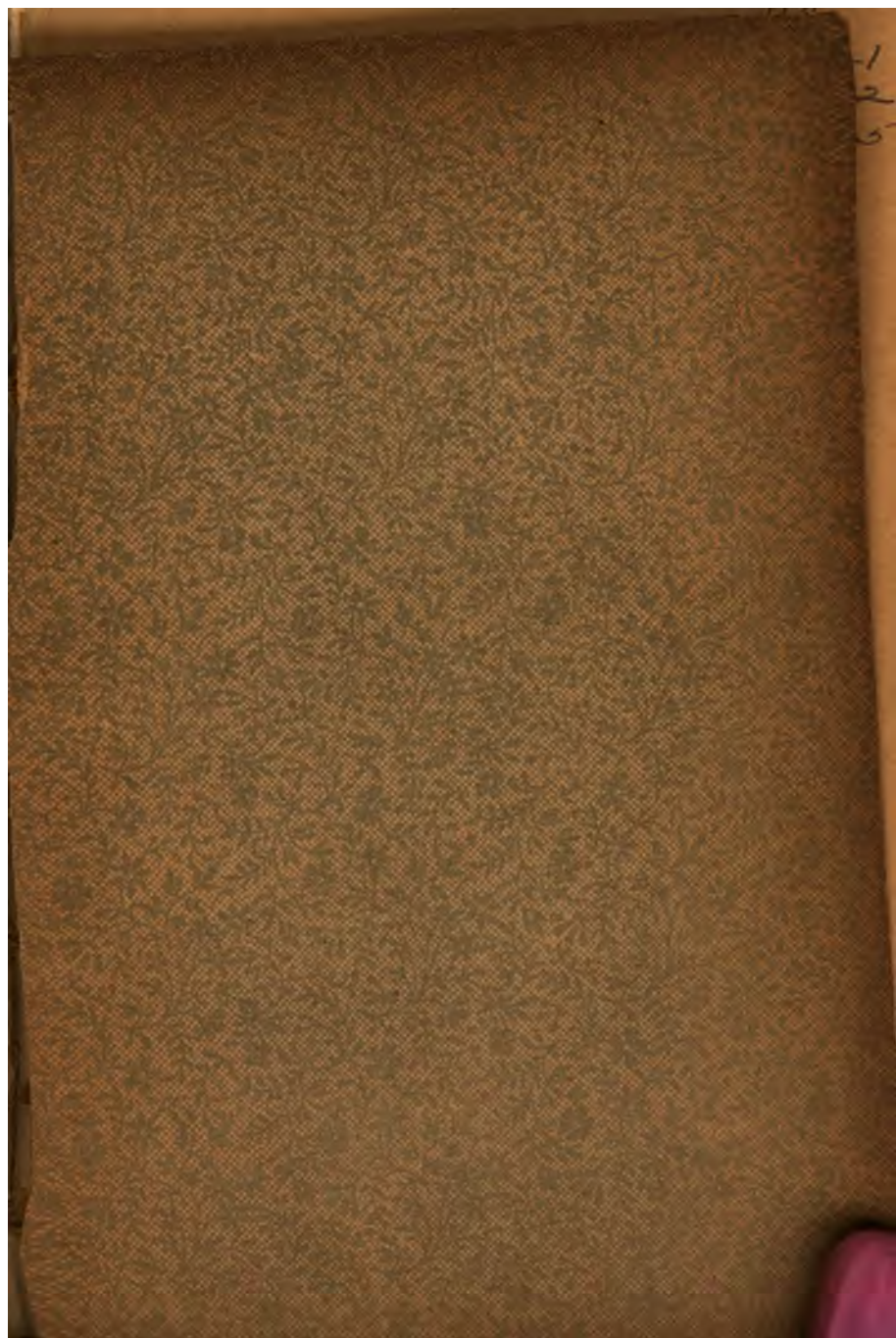
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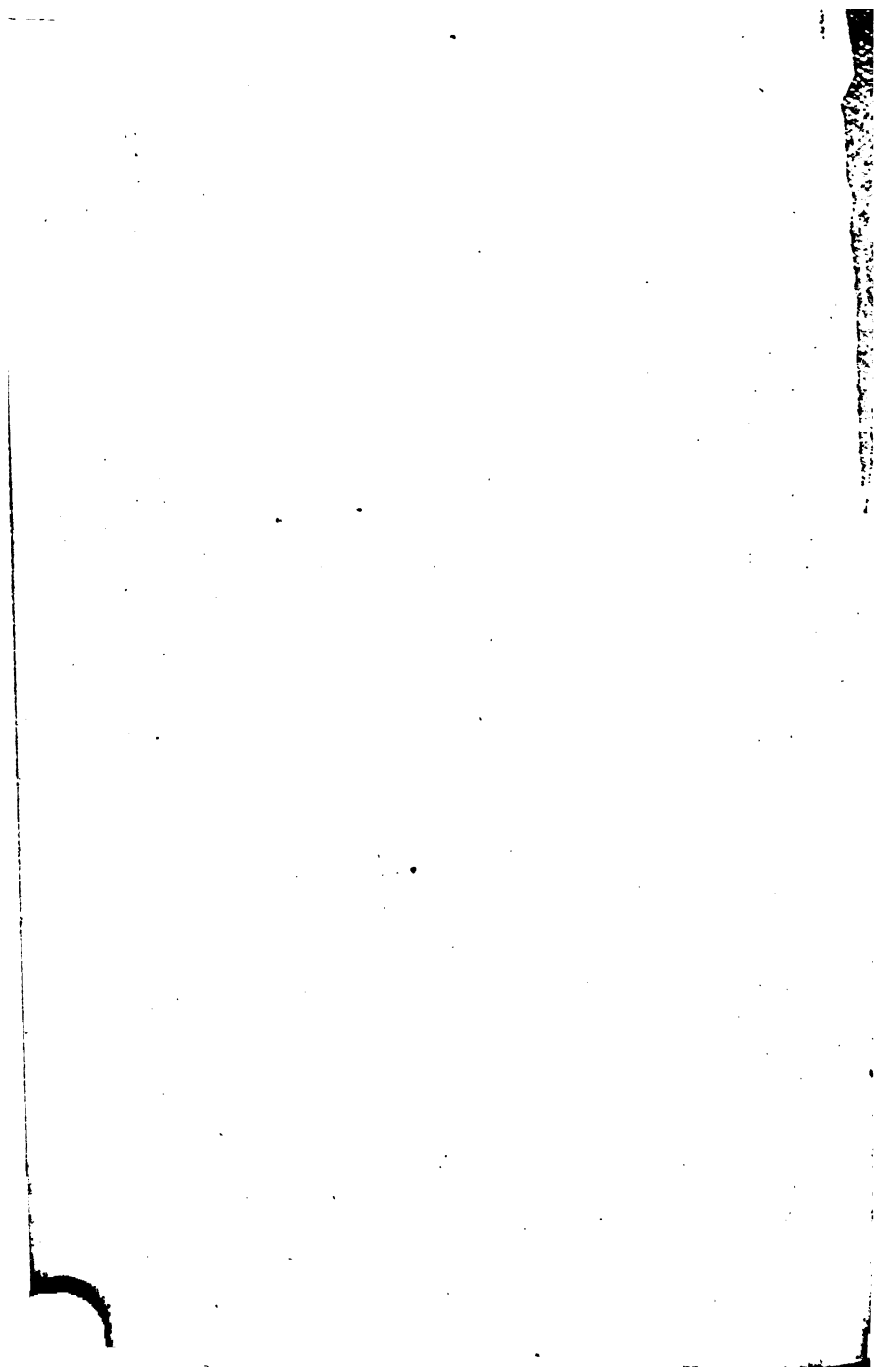
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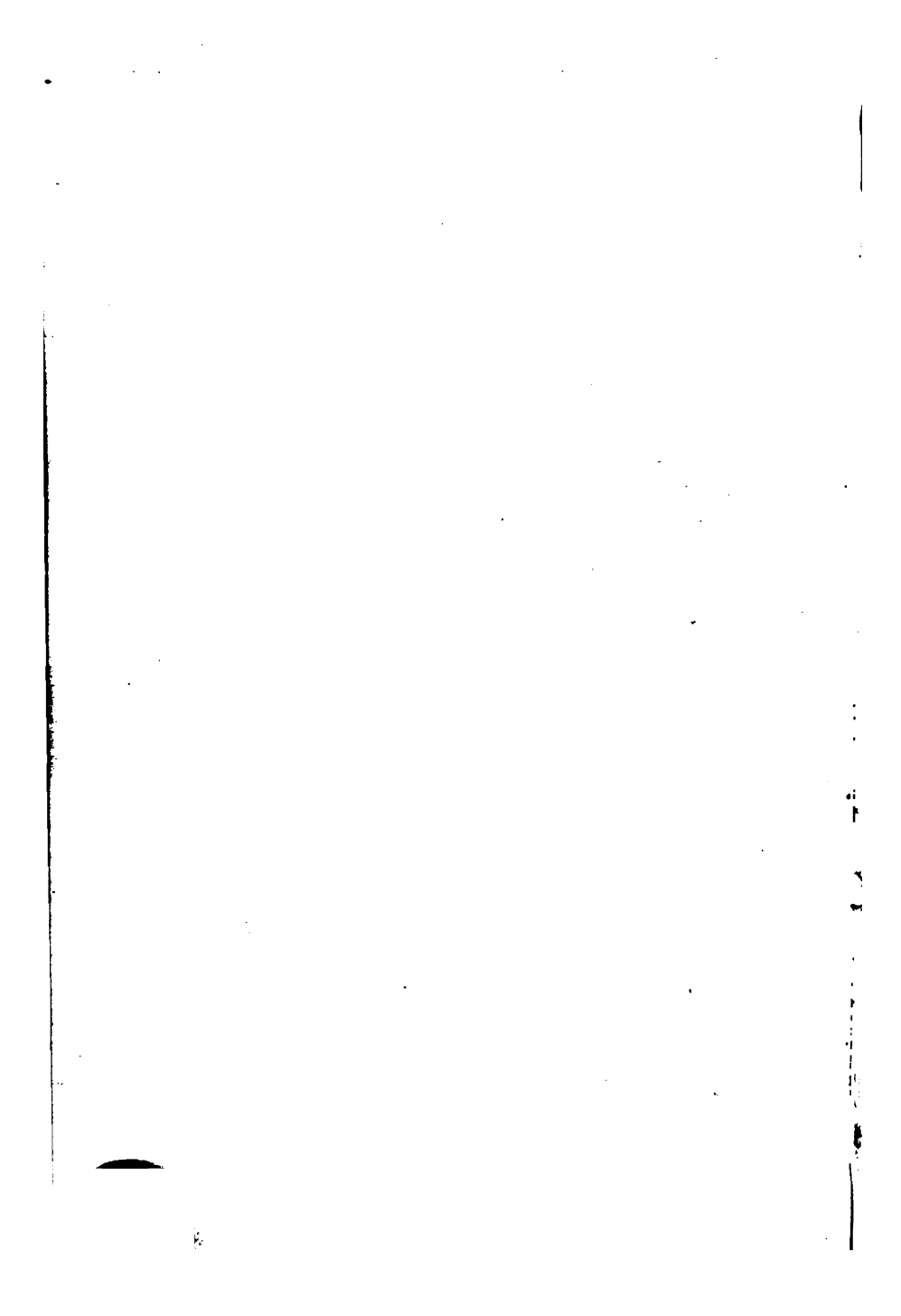
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DUNCAN
ON
Investment and Speculation
IN
Stocks and Shares.

✚
THIRD EDITION.
✚

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Preface.

IN presenting this work to the public our object has been to explain the technicalities of the Stock Exchange, and to clear up such difficulties as have hitherto lain in the paths of inexperienced investors.

We show the principles upon which a capitalist, large or small, can obtain the highest return for his money, and point out the comparative risks he runs in investments of various qualities.

Without expressing our own views or indicating any particular securities as suitable for investment, we have endeavoured to place a capitalist in the position to judge for himself and employ his money according to his means, his requirements and his intelligence. We hope we have succeeded.

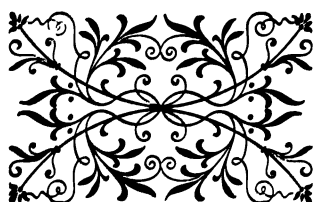
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PART I.

CHAPTER I.

THE PRINCIPLE OF INVESTMENT.

A FARMER once asked a banker, "Shall I invest my money in English Railway Debentures or in Argentine Government Bonds?" The answer given was, "If you want to sleep soundly buy the Railway Debentures; if you prefer good living to a good night's rest buy the Argentines."

In this fragment of conversation lies the whole philosophy of investment.

Capital embarked in a well-selected security, such as English Railway Debentures, means, practically, safety of the principal; but naturally the interest on this class of investment is but small. Still, to some people, the

confidence that their money is secure is more valuable than a larger revenue; they can "sleep o' nights" without fear of waking up poorer than they laid down. On the other hand, big interest is supposed to mean corresponding risk; and it is true that various causes operate upon securities which are not of the very highest description.

But it must by no means be accepted as an infallible rule that small interest ensures safety, or that large interest means that the capital is in jeopardy. This is a popular fallacy that keeps money idle and moneyed people poorer than they need be.

It is obviously the duty of everyone, both for his own sake and the sake of those dependent on him and who may come after him, to obtain for his capital the largest possible return compatible with safety. He should invest on the best terms; and investments, if properly understood, can be made to produce large interest. When danger is known it can be provided against. There are safeguards in the investment of money, and these being properly applied, a capitalist will find himself able to sleep soundly,

although he has no Railway Debentures to represent his money.

Capital is lost and income wasted by people who do not take the trouble to acquire the art of investment. So many have thought the subject too easy to necessitate study; so many have not learnt to discriminate between one investment and another; they follow either the suggestions of others no wiser than themselves or venture in whatever may happen to be the prevailing fashion of the moment. They pride themselves on being remarkably clever because their capital has not shrunk, and they have received regularly their dribbling instalments of interest.

Or, in search of high interest, they have rushed into ventures the particulars of which they have barely digested, and think themselves unlucky when the roseate promises remain unfulfilled.

As in every other business there is a happy medium in investment. Lethargy and disinclination to move with the times have brought as many prosperous houses to grief as even speculation. And the

4 *THE PRINCIPLE OF INVESTMENT.*

secret of success is to thoroughly understand a business before embarking on it.

To obtain a fair revenue with reasonable safety is not difficult, and there is no business in life more important than that of investing money. Therefore our object is primarily directed to teaching those with capital, not how to invest—for that is a matter of individual judgment—but how to learn to exercise in his investments the judgment with which every ordinary person is endowed.

CHAPTER II.

INVESTMENT AND SPECULATION.

INVESTMENT and speculation are twin sisters, and so nearly alike that it is almost impossible to discriminate between them.

There are investors, that is to say, people with money laid out to produce income, who would be horrified at the idea of being classed with speculators. Yet what are speculators if they too are not people with money laid out to produce income? Where is the difference?

An "investment" is supposed to mean absolute safety, but where is absolute safety to be found?

And the so-called speculator? Does not he consider that his ventures in the aggregate are absolutely safe to bring him a fair return for the capital embarked?

All investments of money are more or less speculations as surely as that all speculations are investments of money. Both methods, call them what we will, have the same object

6 *INVESTMENT AND SPECULATION.*

in view, to be achieved by similar means namely, to put out money to the best advantage.

The very people who are most shocked at speculation and gambling are often themselves the most inconsistent gamblers. They invest, and perforce take a chance of losing. But what they do not see is that in their forms of investment the chances are against them ; their chance of loss greatly exceeds their chance of gain. If the unforeseen should happen they might make heavy losses, but no combination of circumstances could make them heavy winners. On the other hand they would contend that speculation implies large chimerical gains with possible loss of the whole capital. This also is an unfair explanation.

As a matter of fact, investment and speculation are words with but slightly different meanings.

INVESTMENT, strictly speaking, is the placing of capital in a security which does not vary in value, and which offers a certainty that interest upon the same will be regularly paid.

SPECULATION is the placing of capital in a security not selected so much with a certainty of regular interest as with the idea of the value of such security increasing.

And a good speculation is one in which the chance of decrease in value is smaller than the chance of increase.

The investor receives his interest ; the speculator his profit. Again a distinction without much difference.

We may take it therefore that there are three ways of laying out money to produce income ; by :

Investment—Speculative Investment—
Speculation.

To appreciate the difference between these three is a most important lesson to be learnt. To know how to adapt each to one's personal circumstances, to become master of the art of employing money in investment, in speculative investment, or in speculation according to the probabilities of the moment will follow in due course if proper attention be paid to the subject.

And unless a capitalist is prepared to take the very slight trouble necessary to teach

himself to invest, he had better be satisfied with the tiny return which high class investment offers him. If, on the other hand, he is sensible enough to want the most he can get for his money, then he must calculate what risks he runs and employ his capital where the contingencies are in his favour. When he knows them he can provide for them and fortify himself against them. If he thinks he holds the one class of security when really he has the other he is in danger that he may not realise until it is too late to save himself and his money. So the prime point is to know whether his property consists of investments, of speculative investments, or of speculations.

CHAPTER III.

INVESTMENT.

MONEY has frequently to be put out at interest in cases where it is desirable that no change should take place in the value of the amount laid by.

This is the case with trust money. Trustees who have the administration of money which is not their own, owe a prime duty to those interested in the fund, and that is, that at the end of their time they shall deliver up the property in as nearly as possible the same condition as they received it.

It is, of course, praiseworthy of trustees to increase the amount of capital placed under their charge. But they must not speculate, no matter how honorable their intentions may be or how fully they may be conversant with financial matters. Their duty is quite clear ; it is laid down by law ; and the Acts of Parliament relating to their rights and privileges

regulate the securities in which they are entitled to invest.

Naturally, the selections in the statutes have been most carefully made, and they have been considered more with regard to safety of capital than with the idea of large revenue. They have been chosen as non-varying in value and regular in interest paying. Any that do not answer these requirements, or which would probably, in the future, not answer these requirements, are not available for the investment of trust funds.

Now, private investors who deal with their own money are of course unfettered by any regulations except their own desires. That they would like to make the most they could of their capital is pretty obvious. The question of non-varying value and regular interest need be of no moment to them provided they can do better. But some do not take the trouble to do better; some are afraid to approach the subject of profitable investment. Very well, let them follow the example of trustees. They need not bother their brains or use their intelligence; they need only find

a security such as the Acts of Parliament have indicated as fit for the investment of trust money ; they can purchase this and rest assured that their capital is practically safe.

There is always money forthcoming for this class of investment. People die and leave money to be dealt with in the future ; marriage settlements provide for the almost permanent investment of funds ; public institutions find it advisable to place a reserve capital in the safest of securities, and hosts of temporary causes necessitate that cash shall be put away for the moment in something that pays interest, is non-varying in value and is immediately realisable. So the demand for trustee securities is out of proportion to the supply. Hence the price is high, and it follows that the rate of interest is small, almost infinitesimal. It ranges between $2\frac{1}{2}$ and $3\frac{1}{4}$ per cent. per annum. But this is the only form of real investment in existence apart from that in which there is an element of speculation.

Many people having invested in lower class securities, and having regularly received a substantial return, may be inclined to doubt

the accuracy of these observations. But however satisfactory their essays may have been outside the "Trust Range," they cannot find a security which is not liable to fluctuation or uncertainty.

We know that foreign government funds are sometimes excellent investments; but not only do they vary on political rumours and domestic intrigues, but appertaining to properties outside our Majesty's dominions, they might easily diminish in value or delay in payment of interest. Therefore they do not affect our contention. There are, of course, investments outside of stocks and shares which are perfectly secure, such as mortgages on freeholds to half the value of the property mortgaged, ground rents, &c., but these bring with them certain responsibilities, and besides we are not concerned in this class of security.

A real investment, then, in the purest meaning of the word must be free from all contingencies. In return for the absence of risk, those who invest must be content with the smallest possible interest. People who do not understand risks, and do not care to learn

to provide against them, should not expose themselves to the possible chance of losing part of their capital for the sake of additional income. If without experience and without knowledge they endeavour to improve their financial position they will certainly find themselves poorer for their pains.

But it is easy enough to learn where there are risks and what are the nature and extent of such risks. People of ordinary intelligence can without technical knowledge learn to weigh the chances of gain against the probabilities of loss, and take their places amongst investors who reap the full benefit of their capital.

There is no magic in successful investment; the subject is open to all who choose to investigate it. And the knowledge is worth acquiring since it enables a shrewd capitalist of common business capability to get two pounds where his lethargic colleague accepts one, and practically he incurs no further risks.

CHAPTER IV.

SPECULATIVE INVESTMENT.

THE range of the investments discussed in the last chapter is necessarily limited. There is a definite list of them, and it may be said to never vary. On the other hand, the range of speculative investments is very large, embracing as it does the ordinary stocks of all Railway Companies, most of our commercial and industrial joint stock enterprises, and also stocks with uncalled capital, in which last category are comprised Banks and Insurance Societies.

To those unversed in the first principles of finance it may seem strange that such sought after securities as Railway and Bank stocks should be included in a list of speculative investments. But a mere cursory examination will prove the accuracy of the description. We admit that there is a difficulty in determining where "investment" ends and "speculative investment" commences, but the distinction is most important, and is better treated of by example than by theory.

In dealing with speculative investments,

the chief questions to be considered are:—

- (1). Safety of capital.
- (2). Safety of interest.
- (3). Contingent liability.

To fairly judge anything with the “speculative” qualification the main point is to ascertain if the chances of gain outweigh the chances of loss. If they do, then it may be deemed a good speculative investment; if the contrary, it is surely a bad speculative investment.

I.—SAFETY OF CAPITAL.

There are no stocks the price of which does not vary from time to time. English Railway Debentures and Consols are admitted to be *par excellence*, the acme of perfection of the investing world. Yet they fluctuate considerably, as the subjoined tables show.

FLUCTUATIONS IN GREAT WESTERN 5%
DEBENTURES.

Year.	Highest Price reached.	Lowest Price reached.	Fluctuation for the Year.	Maximum Fluctuation for 5 Years.	Dividend received.
1889	164	157½	6½	14%	5%
1890	161	158	3		5%
1891	164	156	8		5%
1892	167	161½	5½		5%
1893	170	165	5		5%

FLUCTUATIONS IN CONSOLS.

Year.	Jan.-Mar.		Apr.-June.		July-Sept.		Oct.-Dec.		Maximum Flucts.
	H.	L.	H.	L.	H.	L.	H.	L.	
1889	99 $\frac{3}{8}$	97 $\frac{1}{8}$	99 $\frac{1}{4}$	97 $\frac{1}{8}$	98 $\frac{3}{8}$	96 $\frac{1}{2}$	97 $\frac{1}{8}$	96 $\frac{1}{2}$	2 $\frac{1}{8}$
1890	97 $\frac{1}{2}$	96 $\frac{1}{4}$	98 $\frac{1}{4}$	96 $\frac{3}{8}$	97	94	96 $\frac{3}{8}$	93 $\frac{3}{8}$	5 $\frac{3}{8}$
1891	97 $\frac{1}{2}$	95 $\frac{1}{4}$	96 $\frac{1}{2}$	94 $\frac{3}{8}$	96 $\frac{3}{8}$	94 $\frac{3}{8}$	96	94 $\frac{3}{8}$	3 $\frac{1}{8}$
1892	96 $\frac{3}{8}$	95 $\frac{1}{4}$	98	95 $\frac{1}{8}$	97 $\frac{1}{2}$	96 $\frac{3}{8}$	98 $\frac{1}{4}$	96 $\frac{3}{8}$	3
1893	99 $\frac{3}{8}$	97 $\frac{1}{4}$	99 $\frac{3}{8}$	97 $\frac{1}{2}$	99 $\frac{1}{4}$	97	98 $\frac{3}{8}$	97 $\frac{3}{8}$	2 $\frac{3}{8}$

NOTE.—H. indicates highest price recorded during the year.
L. indicates lowest price recorded during the year.

So while Consols stood as high as $101\frac{3}{4}$ in the year 1894, they sold in 1890 at 94, or $7\frac{3}{4}$ per cent. lower. And this in a security representing the purest and safest form of investment! It would therefore be absurd to imagine that a "speculative investment" should remain stationary in value. Nor is it desirable, from an investor's point of view, that it should be so. The main consideration is to buy it when it is low in price, not when it is high.

In order to illustrate our meaning let us take an example; say Egyptian Unified Stock. When the fluctuations in this stock come to be compared, it will be found that it sold as

low as $91\frac{1}{2}$ in 1891, and reached its maximum of 104 in 1894, the time of writing these lines. A further rise can hardly be expected, and it is apparent that Egyptian Unified Stock is now being sold at $12\frac{1}{2}$ per hundred dearer than it was, while the interest payable, and all other attendant circumstances, have remained the same. In all probability, then, if the stock moves at all it should be in a downward direction. We do not mean to imply that the stock, having reached a high price will immediately begin to fall, and continue to do so until it has again touched its lowest at 91. We merely indicate with confidence that it will go down more points in the next few years than it is likely to go up. The history of the fluctuation, as shown in the table on page 206, proves this, and therefore the chances of a present investor in Egyptian Unified are that his capital will diminish, not increase; so this is not a stock to be selected at the moment as a good speculative investment.

As an instance in the other direction, let us consider Great Northern Deferred Stock. In August, 1894, the price was 63, and

during the five preceding years it was once as low as 50. On the other hand, however, in 1889 the price rose to 116, or 53 higher than in August, 1894.

During the whole period of contemplation, then, this stock has been 13 per cent. lower and 53 higher than it was in August, 1894. The deduction is obvious. The chances of a rise as against a fall are 53 to 13, and it follows that an investment in Great Northern Deferred Stock would seem to offer practical safety of capital.

As with Egyptian Unified and Great Northern Deferred, so with other Stock Exchange securities.

In order to make a similar analysis to that above it is necessary to know the range of fluctuations of any investment over a number of years. To save our readers the trouble of investigation we have compiled a table on page 204, showing the highest and lowest prices of the principal stocks dealt in on the market. Should any stock have been inadvertently omitted we shall be happy to send particulars to enquirers free of charge.

Our table affords simple opportunity for calculating chances of a rise as against a fall, and no investor should omit to refer to it before making his purchases. We have taken a range of five years in the example of Great Northern A, but the most careful investor can if he likes go further.

There are instances in which the rule of history repeating itself may not be applied in safety. But when an investor opposes such rule and buys when the tables point against him he embarks on a "speculation" with which we shall deal later on. A dealing according to the indications of the tables is a "speculative investment."

Some stocks are not yet five years old. How are they to be considered? In our opinion they are not suitable for "speculative investment." There are, of course, exceptions; but we have known so many instances where capital has been lost in new ventures, which looked as safe as the Bank of England, that we do not intend to deal with them further than to say that so far as safety of capital is concerned they must be relegated to the ranks of "speculations."

II.—SAFETY OF INTEREST.

While “investments” must bear an unvarying rate of interest, this is not necessarily the case with “speculative investments.” But the chance of the interest ceasing altogether or being reduced to a minimum should be remote.

It will be noticed that in most “speculative investments,” although the rate of interest does not vary, the market value of the stock alters considerably from time to time. Advantage can be taken of this, for there are two methods of getting a return for capital invested; one is in the form of dividend and the other by way of increased capital value; and therefore it is possible that an investment which pays but little or no dividend may be made to return a good rate of interest. This, which seems paradoxical, can be shown by examples, as follow:—

TURKISH GOVERNMENT BONDS (*Group 1 to 4*) pay only 1 per cent. dividend on their nominal value. Therefore most capitalists would regard them as an investment best left alone. But there are certain conditions for the redemption of this stock, which, if

carefully studied, will show that there is reason for their capital value increasing considerably.

In 1889 these "Turks" sold at about 37 ; now their price is $64\frac{3}{4}$. A purchaser at the former date would have obtained only $2\frac{1}{4}$ per cent. dividend on his outlay—very small interest indeed considering the nature of the security ?

This is the theory.

Practically he would have made a remarkably good deal. Supposing he had bought 1,000 of these Turks in 1889 at the price of £370, he could have realised in 1894 £640 for the property. So the capital value would have increased £270. Add to this £50 received in interest during the period, and in five years his revenue on the investment would have been £320, or £64 per annum on his capital of £370. This is equal to about 17 per cent. And our paradox is proved true. Turks which pay 1 per cent. dividend have actually returned 15 per cent., and the capital has been safe all the time !

As we have dealt with the safety of capital, so can we regard safety of interest.

It is the nature of a "speculative investment" that it should fluctuate more considerably than an "investment" pure and simple. The additional risk therefore should be compensated for by some substantial probability. And while an "investment," as we have said, does not produce more than 3 per cent., a considerably larger return must be expected from well selected "speculative investments."

Again we offer a table. (See page 218.) This shows the dividends paid upon the nominal capital of the principal stocks during the past fourteen years.

Supposing an investor wanted $4\frac{1}{2}$ per cent. for his money, and selected South Metropolitan Gas shares. The average dividend paid on this stock as shown by our table may reasonably be taken as the rate of interest likely to be returned. Let us examine how it would work out.

The present price of South Metropolitan Gas shares is about £315 for each £100 nominal value. The dividend now being

paid is about £15 per cent., so that it returns, on an outlay, just under 5 per cent. per annum. This would be most satisfactory if the rate were stable. But can it always be depended on? From the subjoined table it would appear so.

In 1888 it paid	$15\frac{7}{8}$	per cent. per annum		
„ 1889	„ $14\frac{3}{4}$	„	„	„
„ 1890	„ $14\frac{3}{8}$	„	„	„
„ 1891	„ $15\frac{1}{2}$	„	„	„
„ 1892	„ $15\frac{1}{2}$	„	„	„
„ 1893	„ $15\frac{1}{2}$	„	„	„

Should the dividend recede to the lowest figure that has been paid the interest would still amount to over $4\frac{1}{2}$ per cent, per annum. So this is a stock which an investor wishing for that rate of interest could safely select.

Against this we find that North British Preferred Railway stock would not be suitable for a person seeking safety of interest.

The price was about 60, the dividend in 1893 was 3 per cent. which produced about $4\frac{1}{2}$ on the capital invested.

On looking at a table of interest paid

during the past five years we find that in :—

1889 it paid 3 per cent. per annum.

1890 „ $2\frac{1}{4}$ „ „

1891 „ 2 „ „

1892 „ $2\frac{3}{4}$ „ „

1893 „ 3 „ „

Obviously then, from some cause or other, the dividend is liable to great fluctuations, and a steady income could not be relied on.

All stocks should be tabulated and considered in this manner as regards both their safety of capital and safety of interest.

There are plenty of good speculative investments always on offer which pay even more than 6 per cent., and there are pitfalls into which the unwary can tumble. Therefore those people who desire a high rate of interest for their money should use the utmost caution, and never embark upon an investment until they have fully investigated its past history and formed an opinion as to its future probabilities.

III.—CASUALTIES AND CONTINGENT LIABILITIES.

Most important points for the consideration of speculative investors are the risks

of casualties and contingent liabilities. To thoroughly weigh these, and to appreciate their chances and their effect, require a certain knowledge of finance and business generally. Each case as it arises demands an investigation on its own merits, and so for the guidance of those who do not profess special knowledge, we offer the following suggestions :

- (1.) Do NOT invest in small companies, say those with under £100,000 capital. The smaller the ship the more easily it can be turned over by the ordinary motion of the sea ; the smaller the company the more likely is its success to be dependent upon one individual member of its board of management. Large companies with over £500,000 capital are safer in every way.
- (2.) Do NOT invest in companies whose business is liable to be affected by competition. Undertakings based upon an Act of Parliament or a Government concession must be infinitely more stable than those unprotected by legislative enactments.
- (3.) Do NOT invest in a new or unknown country which is liable to changes in its own government, or to erratic alterations in its conditions of business. The crises in Australia and New Zealand show that even the apparently most prosperous colonies are not always reliable.

- (4.) AVOID companies with uncalled capital, unless a very large return for money is obtainable. Through the custom prevailing in the construction of the London banks and Insurance societies, investors have become used to regarding uncalled capital as no draw-back. And no more it has been where business has been sound and prosperous. But now and then one of these institutions collapses, and a ruined investor sees his folly. There are numerous instances in our own knowledge where shares, which formerly realised £50 would not now be accepted by solvent persons if they were offered £10 bonus to transfer them into their own names and hold the vendors free from further liability. Not only is the capital invested lost, but the unfortunate investor has to sell good securities to pay up his share of the further losses.

A complete book might be written upon each of the four foregoing paragraphs, but space permits us only to hint at the dangers incurred by investors who do not appreciate the difficulties in their paths.

As a general principle they should select large companies, with a fully-paid capital, situate in England, and as far as possible free from competition.

Those who have the necessary experience for gauging the extent of the risks ahead of

them should provide for such risks. They should proceed on the lines of a Fire Insurance Company which charges for ordinary household insurance a rate of 1/6 per £100, but increases up to 30/- per cent. for mills, theatres, and other places where there is exceptional danger. If an investor is satisfied with 4 per cent. for his money he can take in the less speculative properties such as English Railway stock, but he has a right to expect infinitely more from a trading company, the extra percentage being by way of insurance against possible contingencies.

CHAPTER V.

SPECULATION.

SPECULATION is a two-edged sword, an invaluable weapon in the hands of those who know how to use it, an instrument of stupendous danger when wielded by those who are ignorant. The mere word speculation inspires many people with a feeling of dread ; and not unnaturally, since so great a number of prosperous men of business and men of science have been ruined by recklessly embarking their money in things they did not fully understand.

There are few who appreciate where speculation begins and investment ends. People who have speculated all their lives, probably with infinite risk, would be indignant if they were told that they ever speculated at all. Yet, when investigated, their investments, with which they have been peacefully contented, would turn out to be

purely speculative. This condition of matters we shall explain in succeeding chapters.

In order to conveniently discuss the subject we shall divide speculation into two classes (1) Permanent Speculation.

(2) Temporary Speculation.

Every purchase of stocks and shares, where the money has been paid and the stocks or shares transferred, and which cannot be classed as an investment or speculative investment, as previously dealt with, must be called a *PERMANENT SPECULATION*.

Every purchase or sale where the money has not been paid and no delivery made must be called a *TEMPORARY SPECULATION*.

Many of our readers will doubtlessly cavil at our definitions; they will, for example, suggest that if the prospectus of a new company appears, and they take shares in it, the transaction will not be a speculation but an investment. Probably it is with that intention that they have subscribed to the undertaking, but we shall be able to show that buying shares in a new venture is one of the very worst forms of speculation.

If anyone wishes to insure a life he will find that the premium payable on the lives of children under five years old is very small compared with those between the ages of five and ten. The reason is simple; statistics show that there is a high degree of mortality among children of that age, owing to the usual diseases of infancy.

Joint stock enterprises show analogous results. They too suffer terribly from the diseases of infancy. Since the Limited Liability Acts have been passed, up to January 1st, 1893, 39,911 companies have been registered, and of these only 17,555 survive. The remainder 22,356 or nearly two-thirds of the whole have died a natural—or, perhaps, an unnatural—death! And of these which have survived only 8,692 are more than ten years old; but 2,309 are between five and ten, and there are 6,554 which have not yet attained the age of five!

The immediate result of these figures is to show that only one company out of five lives to see its tenth birthday, and only one in three passes its fifth birthday. So an applicant for shares in each of ten new

companies must be prepared to lose four-fifths of his capital. Of course he *may* make up his deficit with the small balance remaining, but it is indeed a venturesome spirit which could hope for such good fortune.

These facts and figures are better than all the argument in the world. By means of our "Investment Register" we have been able to follow the transactions of hundreds of investors. We find one unvarying result; namely, that those who are in the habit of applying for shares in new companies lose 70 per cent. of their capital. It is not a pleasant subject; we will pass it over lightly for fear to re-open old wounds, but we unhesitatingly lay it down as a valuable maxim that "*applying for shares in new companies is the worst form of gambling.*"

CHAPTER VI.

PERMANENT SPECULATION.

A PRUDENT person wishing to buy anything would presumably find the cheapest market, that is, where he could obtain the best value for his money. Yet when seeking for investments many rush blindly and stupidly to the dearest market. They see a prospectus of a new venture, holding out hopes that may or may not be realised. Now an investor having decided that this is the class of investment he wishes to put his money in should ~~ask himself~~ "could I purchase a similar investment at a lower price?"

If he has no personal knowledge on the subject he should ask his stockbroker, and most likely he would find that shares in established companies on the same lines were procurable and at a cheaper price. Sometimes of course they might be at a premium, but as the tables of mortality regulate the amount of

premium charged by insurance companies, so should the tables of mortality of joint stock enterprises show the shrewd investor that such premium is worth paying.

It must be more advantageous in the long run to pay a little extra for an established property than a little less for one whose hopes and chances have yet to be realised. If, on the other hand, he can find some shares at a discount, all the better for him and the greater the profit he will eventually make either by increased interest on outlay or augmented capital value.

It will naturally occur to our readers that if everyone acted upon the maxim we are promulgating, there would be no joint stock enterprises, since no one would apply for shares in them. But we are writing for the information of those who do not pretend to have mastered the mysteries of finance.

Shrewd and experienced investors may understand how to appreciate prospectuses and weigh the chances of the hopes set out in them. They may hit upon the one in five which realises its promises, and by buying the shares when they are issued eventually

make a profit by selling at a premium. But the would-be clever person, the investor who cannot read between the lines of an enticing prospectus, who cannot distinguish between possibilities and probabilities, will assuredly get himself into serious trouble if he subscribes for shares in a newly established company.

Another form of permanent speculation is every kind of investment which pays large interest, but where the capital is not altogether secure.

In this class are conspicuous shares in trading companies, which are liable to competition or which depend upon fashion or any other cause, which may reasonably be foreseen as acting upon their prosperity.

A study of the list of prices will show that frequently, while a company is commercially sound, has existed several years and always paid large dividends, its shares do not stand at a premium. The reason is that the capital is not adequately secured. So that when purchasing speculations of this sort, the question, as to whether the dividends returned are sufficiently large

to compensate for probable loss of capital, should be seriously considered.

If any one tried to borrow money upon the terms that he should pay interest at 10 per cent. for eight years and then be under no obligation to repay the principal or any more interest he would be laughed at by a money lender. But investors frequently part with their cash to companies on similar conditions. They receive a fine return for a period, then it ceases and the capital will be found to have disappeared also.

As, for instance, when the Manchester Ship Canal was bought the promoters guaranteed 5 per cent. interest for five years upon the subscribed capital. Where is that interest now? And where indeed the money invested?

Then again Eastman's Meat Company began its career by paying dividends at the rate of 10 per cent. Since this short season of prosperity it has paid nothing, so a very easy calculation will show how disastrous was a speculative purchase of the shares.

It comes to this: A man buys 10 shares at £10 each thereby investing £100. For five

years he receives 5 per cent., that is in all £25. The price dwindles then from £10 to £3 10s. per share, so he sells out and realises £35. He has had in all £25 in interest and £35 capital returned, that is £60 in all for his output of £100 and the interest on it for five years. Therefore, instead of having received any interest at all he has been out of his capital for five years and lost £40 per cent. of it !

Such a class of speculation must be dangerous to the highest degree ; it should not be entertained for a moment because not only is the money always in jeopardy but the investor lives in a fool's paradise while he receives what he treats as interest, but what really is merely an instalment repaid of his own capital.

In dealing with permanent speculation we must consider shares on which there is a liability for uncalled capital. We have already mentioned the subject under another heading, but cannot too strongly impress upon our readers that when investing in such securities, however sound, they should leave a margin as compensation for the liability.

And an investor should also calculate upon a proper basis what interest he is receiving. Take for instance the City Bank. If an investor holds a forty pound share, of which only ten pounds has been paid up, he ought not to reckon his dividend as though it were paid upon the ten pounds. He must remember that he might at any time be asked for the thirty pounds not called up.

In such an institution as the City Bank this is not probable : but it is possible. And when reckoning a risk the difference between possibility and probability is only in degree. All sorts of the most prosperous institutions have been known to fail, and the prudent investor will bear in mind that if uncalled-for capital was not a real liability then there need be no other sort of shares than those fully paid up.

But all this only brings us back to the point we started from. People who apply for shares in new companies, who purchase stocks paying large interest, but where the capital is not quite safe, or who take up securities with liabilities, are embarking in transactions which are rash and hazardous.

A long time may elapse before it dawns upon a person who thinks he has safely invested that he is poorer than he was, that his figs are thorns, and that he has built his financial house upon a foundation of sand. But the painful awakening is sure to come, and it is no consolation to know that he erred through childish ignorance and not through vanity or avarice.

There are people who never like parting with an investment when once they have purchased it; a dangerous practice, since it is by holding on that money is lost, and by judicious changing of investments that money is made.

On the other hand, there are investors who like to see their money grow faster than it would under ordinary circumstances; they like compound interest. And it is to be obtained. But before entering into a speculation the chances of gain as against the chance of loss must be carefully considered, and no proposal entertained unless the chances seem in favour of the operator.

Naturally, if these chances arrive as predicted, the permanent speculator cannot gain so great an advantage as the temporary speculator.

Hazardous as a temporary speculation may seem at first sight, its result is easier to foresee than that of a permanent speculation, and, therefore, if people wish to speculate at all their transactions should be of a temporary nature, as we shall show by our discussion of the subject in the next chapter.

CHAPTER VII.

TEMPORARY SPECULATION.

ONLY about one-twentieth of all the transactions which take place upon the London Stock Exchange are completed by the actual payment for, and delivery of, the stocks bought and sold.

As every purchase or sale which is not so completed must be deemed a temporary speculation, it is obvious that nineteen-twentieths of the business must be included in this category. The reason is that the public have found out that temporary speculations offer better chances of profit than permanent speculations or investments.

And this is explicable primarily by the fact that a smaller capital is required for a temporary than for a permanent speculation, so that if a good chance presents itself a comparatively large gain and in a shorter space of time can be secured. For example :

An investor hears from a source he can rely on that the dividend, say, on the Caledonian Railway Company is likely to be higher than it was. Naturally he argues that the stock must go up in price. The stock stands at 114 and the capital he wishes to employ is £600. If he works his money on the system of permanent speculation and buys as much of the stock as he can pay for he acquires £500 stock and pays for it £570. All goes as he expected, the stock rises to £120, and he sells out for £600. The profit on the transaction will be £30.

Bought 500 Caledonian Railway Stock at 114 £570 Profit brought down 30 £600	Sold 500 Caledonian Railway Stock at 120 £600 £600
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N.B.—No broker's commission is charged here, as it is assumed that the investor dealt direct with a jobber. Should he have dealt with a broker the commission and other charges would have diminished the profit.

If, on the other hand, he works on the system of temporary speculation, he would act quite differently. He would know either from experience or as the result of enquiry

that he could always borrow at a fair rate £100 on every £100 nominal value, or £114 actual value, of stock in such a sound concern as the Caledonian Railway.

Therefore with, say, £15 he could, without incurring any hazardous risk, buy £100 stock; his capital would be practically as safe as if he had paid the whole of the purchase money. It follows that with his £600 cash he could become master of £4,000 stock. Supposing he wished to be doubly cautious, of course he need acquire only half the amount, say, £2,000 stock.

Now compare what the result of this temporary speculation would be with the permanent speculation. Let us make out another account:—

Bought £4,000 Caledonian Railway	Sold £4,000 Caledonian Railway Stock
Stock at 114 .. £4,560	at 120 £4,800
Profit brought down.. 240	
£4,800	£4,800

Now the stock has only risen six points, as in the former instance, the capital utilised would also be the same, and even the most

cautious person would be fully justified in having provided this sum for all contingencies. Yet the profit on the transaction would be £240 as against £30!

We have instanced Caledonian as a substantial and desirable concern, but of course any other stock on similar lines could be applied just as well to our argument.

Thus it is shown that those who want to speculate can do so to infinitely greater advantage in temporary than in permanent speculations, and also that it must be more beneficial to deal in this class of security than to apply for shares in new companies, or in companies where the capital is not fully secured, and where £100 stock cannot with absolute safety be acquired with a cash outlay of £15.

To thoroughly understand the system of temporary speculation and to fully realise its advantages and its dangers, a fundamental knowledge is essential, not only of what stocks and shares really are and what they represent, but also of the customs and usages of the London Stock Exchange and the various methods of working accounts.

Only by acquiring this knowledge is it possible for an investor to judge properly for himself, which is the best plan for operating when the golden opportunities offer, and when the risk of loss exceeds the chances of profit.

One of the chief objects of this work is to put investors in the position of acting warily upon their own opinions without recourse to the advice of others, and therefore we shall, in succeeding chapters thoroughly explain the rules and regulations of the Stock Exchange, and analyse the mode in which business there is conducted.

PART II.

CHAPTER VIII.

COMPANIES AND STOCKS AND SHARES.

JOINT Stock enterprise may be said to have had its origin in the South Sea Bubble. From the date of that gigantic fraud to the present day there have been an enormous number of schemes constructed on similar, if more honest, lines. In fact, all the greatest undertakings, like Railway Companies, Canal Companies, Gas Companies, all industrial and trading companies are joint stock concerns, and representing as they do a huge slice of the invested capital of the world, the subject must be explained and considered.

A Joint Stock Company is a partnership formed for certain purposes, but in which, as a rule, the partners are not limited to any particular individuals. Portions of the partnership are sold on the money market to whomsoever like to buy them ; such portions are called shares.

This is a simple definition which, however, admits of innumerable qualifications. To more easily place before our readers the practical effect of a Joint Stock Company we offer an example :—

If ten persons join together to purchase the apples in an orchard for the sum of £200 each of them contributing £20, this is a simple company whose capital is £200 divided into ten shares of £20 each. The purchase of the fruit is a temporary venture and the capital with the profit can be divided as soon as the apples are sold. There is nothing more to be done and the partnership or company is dissolved.

But supposing the orchard itself, the land, trees, &c., had been bought? Then the venture would be of a permanent nature, the property would require maintaining, business arrangements would have to be made and wages paid. In fact, the concern would have to be run just as if one person only had been interested, with the exception of course that profits would have to be divided, after payment of all outgoings, between the ten co-partners.

There is no difference between a partnership between Brown and Jones and a partnership between five thousand people, except that in the latter case the venture is termed a company, and the partners shareholders. As between Brown and Jones most likely a deed defines the positions and relative interests of Mr. Brown and Mr. Jones; the positions and interests of the holders of the five thousand shares are also defined by a deed which is called "Articles of Association."

As against the outside public a partnership is in the same position as a company. All the partners are jointly and severally responsible for the due fulfilment of the engagements of the partnership; all the shareholders are jointly and severally responsible for the acts and liabilities of the company. No matter how many shares a person may hold, whether one or a thousand, he might be called upon to make good the whole indebtedness which the directors of the company may have incurred.

This at least was formerly the condition of affairs, and it remains so to this day, except in the case of Limited Liability Companies.

Twenty years ago we had a cruel example. The City of Glasgow Bank failed and ruined thousands of shrewd hard-headed business men, for they were all called upon to fulfil the obligations of the Bank to its creditors. Naturally many went through the bankruptcy court, so the burden fell more heavily upon those who had anything left to pay with. But so general was the devastation that the commercial worlds of Scotland and England were completely paralysed for the time.

To obviate such a state of affairs had previously occupied the attention of the Legislature. In 1862 the Limited Liability Act was passed, and it provided that if the general public were warned by the publication of the word "Limited" appended to the name of the company, it was understood that each partner or shareholder was responsible only to the extent he had subscribed for.

No one could lose more than he originally agreed to put into the concern. The total amount of such subscription is called the "nominal capital."

Any one who desired to do business with a Limited Company could satisfy

himself as to its position ; for a complete record of particulars as to capital, articles of association, and contracts entered into have to be periodically furnished to the Board of Trade. This record is filed at Somerset House, and is open for the inspection of all who choose to pay a small fee.

Naturally enough almost every company which is formed, and which invites the public to subscribe, takes advantage of the Limited Liability Acts. Even Railway, Dock, Canal and other companies which have been created by Parliament for the working of certain monopolies have clauses in their special acts limiting the liability of their members.

Some companies are limited by guarantee, the shareholders being liable only for the amount they guarantee to it—a penny or a thousand pounds. And it is obvious that if a number of persons band together to work a certain scheme they can do so on any conditions they may agree amongst themselves ; in other words, Articles of Association can contain any terms the signatories desire. As for instance, the Costbook Mining Companies in Cornwall have arranged that each member

should pay up primarily what he agreed. Should occasion demand further capital he is entitled to pay or refuse payment, but if he elects the latter course he forfeits all his interest in the concern, and frees himself from future responsibility.

All these intricate clauses, and the unlimited liabilities which have brought ruin on so many shareholders in companies which are not "limited" have led to the almost universal adoption of the protection offered by the Limited Liability Acts. But whether limited or not a company is a company, and its shares can be and are bought and sold every hour of the day on the London Stock Exchange.

It is a question whether the majority of those who buy and sell really know what they are dealing in—whether they are acquainted with the actual significance of the words "Stocks" and "Shares."

Let us go back to our example of the orchard: The original £200 was divided into ten parts. If each part were held by an investor agreeable to divide equally all the profits made, these parts would be termed

ORDINARY SHARES. But suppose one holder would not embark in the enterprise without being certain of a profit and the others agreed to guarantee him 5 per cent., he would be the holder of what is known as a **GUARANTEED SHARE**.

Or, another one might demand that his share of the profits must be paid before the others receive anything, but in return for this concession he would accept 4 per cent. in full satisfaction of his interest. This would be called a **PREFERENCE SHARE**. On the other hand there might be some speculative spirit who said "I will wait until the Ordinary shareholders have received 5 per cent. and the Preference shareholders have had 4 per cent., and will take what is left." He might get nothing or he might get 10 or 20 per cent.; his share would be a **DEFERRED SHARE**.

These four classes of shares are dealt with every day. Founders' shares are not so common and are not worth discussing.

It is within the power of companies, as with private firms or individuals, to borrow money when required. Suppose an Orchard Company

were in need of further cash to develop its property or its trade, it would offer as security a mortgage upon the undertaking. Such mortgage might be divided amongst several partners, who would thereby become owners of what are called DEBENTURES or DEBENTURE STOCKS. These also could rank as different grades, or might be split up into portions of various values.

In fact a company, limited or not, can carry on its business precisely as any tradesman can, provided of course it does not exceed the powers agreed to in the Articles of Association. It can even go into liquidation, voluntarily or by process of law set in motion by a creditor. The whole affair can be sold as a going concern, or wound up gradually as assets can conveniently be realised. From the sums received the amount due on the Debentures would be paid first; then all trade liabilities would be discharged, after which the Guaranteed and Preference shares would be paid off. The balance in hand would be divided amongst the holders of Ordinary and Deferred shares. A company going out of

business acts in an almost similar way to a tradesman giving up his shop.

Often a member of a company desires to sever his connection therewith. In Stock Exchange parlance, he wishes to sell his shares. He must find some one who wants to buy them, and they must agree as to price.

This is the object of the Stock Exchange,—to have a permanent market where all dealings are concentrated and prices rule according to the ordinary doctrine of supply and demand.

Sometimes a vendor cannot find a purchaser to give him as much as the shares cost, they have sunk below their **NOMINAL VALUE**. He must either put up with the loss or keep his shares. On the other hand, the company may have been prosperous, and a purchaser will buy at a bigger price than the nominal value. In either case the figure at which the shares change hands constitutes the **ACTUAL VALUE** of the shares.

CHAPTER IX.

THE STOCK EXCHANGE.

IN the latter part of the 18th Century, soon after stocks and shares came into existence, it was found necessary to have a meeting place where buyers and sellers could assemble to transact their business, and the parlour of the Bank of England was utilised for that purpose.

It was, however, soon found that the number of people who attended was so large that they encumbered the routine of the bank, and, being turned out from there, they selected Change Alley as a place of general assembly. There bargains in stocks and shares were arranged, until in the year 1801 the foundation stone of the present Stock Exchange was laid in Capel Court. This building was enlarged from time to time until it assumed its present magnitude.

The Stock Exchange is practically a private institution, and is governed by a

committee of its members. The members are divided into two classes, viz., jobbers and brokers.

A **BROKER** is an agent who buys and sells shares for his clients presumably on the best terms he can get. He charges them a commission for so doing, and this is his only permissible profit.

A **JOBBER** is a capitalist who keeps a quantity of stocks and shares upon his books. He buys and sells them as occasion offers, carrying on his business much after the same manner as any other trade is conducted. He makes his profit out of the difference between buying and selling price. That is to say he buys at one price and sells at a higher. So does a butcher who gives 1s. per lb. for meat and retails it at 1s. 2d.

If there were no jobbers, brokers could not execute their clients' commissions unless they just happened to come across someone who had the very stocks to dispose of they were instructed to buy, or who wanted to purchase the identical stocks they were instructed to sell. Jobbers ensure an almost unlimited market in the principal stocks, while brokers

are merely middle men who act between the public and the jobbers.

If the public were allowed to go upon the Stock Exchange, as they are upon every other market, they would establish direct communication with the jobbers (merchants) and save brokers' (agents) commission; in fact brokers would cease to exist. For a jobber is practically a permanent buyer or seller. He will buy at a price whether he wants the stock or not, and he takes his chance of being able to sell it again later on. Or: he will sell whether or not he possesses the stock on the chance of being able to buy it cheaper as the markets fluctuate.

What on earth, then, is the use of a broker?

That is a question which can only be answered by the Committee of the Stock Exchange, who by excluding the public from within its portals enable a number of useless individuals to get a slice of all transactions which take place within the sanctified enclosure.

Naturally enough the general public have begun to appreciate their position in this regard, and as they do not care to be mulcted

in small sums every time they desire to purchase or change an investment, many dealings are now conducted outside the Stock Exchange, and brokers' unnecessary services are dispensed with.

Dealing in stocks and shares is like dealing in any other kind of merchandise. But it differs in one important respect. While of most classes of goods the general public are buyers only, and the manufacturers and producers sellers only (the dealer, of course, buying from the manufacturer or producer) of stocks and shares they are both buyers and sellers. The public know only the buying price of most articles; it never comes in their way to sell. A butcher would indeed look amazed if a customer offered to sell him a leg of mutton. A stock jobber expects his customers to sell him stock; sometimes they buy, and sometimes they sell, and if he wishes to procure the confidence of his connection he must be prepared to deal either way. But he does not stand to be shot at; he must have a profit. Therefore stocks and shares always stand at two prices, one at which a jobber will sell, another at which he

will buy. Out of the difference between these two prices, usually merely fractional, he earns his living.

Stocks and shares are two distinct classes of security, and as a general rule they have different nominal or face values. "Stock" is always priced at so much per £100, while "shares" are many different nominal values and proportionately vary in price. Some shares may be nominally £1, their market value may be 2s. 6d. or £5; others may be £10; in fact the nominal value of a share is the price at which it was originally issued, and it never varies. The market value is what it will realise if sold, and it fluctuates from day to day, frequently varying several times during business hours.

But the jobber or dealer always makes two prices, one at which he will buy and one at which he will sell, and a cautious customer who desires to deal does not say at first whether he means to buy or sell. He asks the jobber to make him a price in, say, a thousand Brighton A's. The jobber will reply 160½ to 160¾. This means that the jobber will buy £1,000 Brighton A Stock for £1,605 or

he will sell £1,000 Brighton A Stock for £1,607 10s. And the enquirer can accept the bargain either way he wishes and either buy or sell at the price named.

The jobber may prefer selling to buying or buying to selling, but once having opened his mouth with an offer he is bound to deal whichever way the investor chooses.

Of course if a jobber knows that his customer wishes to sell, and this does not quite suit his own book, he offers a lower price with a larger margin, and so an experienced customer who goes to deal endeavours not to indicate his intention until the jobber has bound himself.

Sometimes jobbers get landed with what they do not want.

A jobber may have a large quantity of Uruguay Unified; a customer asks him for a price: wishing to sell at the highest price he names a high figure and the customer sells him some stock. He has made a bad bargain, but it serves him right for overvaluing his stock.

In dealing in most of the recognised stocks there is no difficulty in getting a jobber to

make a price, but in securities not frequently dealt in a jobber will refuse or will state that he is a buyer at a certain figure or a seller at a certain figure for he is not bound to buy when he would rather sell or to sell when he wants to buy. In securities not constantly dealt in the business becomes a matter of negotiation, as would occur with any other article of merchandise.

Thus, it is clear that the jobber is the important person in the Stock market. He makes the price, the broker is merely the hired mouthpiece of his own client.

But it is obvious that the jobber must not make prices arbitrarily; he must be guided by supply and demand at the moment, otherwise, he would find himself in the unpleasant position of being proprietor of a lot of stock he could not get rid of advantageously, or of having sold a lot that he did not possess. So that, in reality, it is the investor who regulates the prices of stocks and shares.

CHAPTER X.

PRICES OF STOCKS.

IN order to acquaint the public with the prices ruling in the principal stocks, the Committee of the Stock Exchange publish an official list of quotations. This purports to give, not only quotations, but also the prices at which business has actually been done. If this list were carefully compiled and properly superintended, it would form an absolute guide to the public as to what their stocks and shares were really worth. Unfortunately, however, this is not the case. One important particular must be absent, for there is no rule to regulate the difference between buying and selling prices. That there ought to be is shown by the following example:

On the 10th September, 1894, this quotation appeared in the official list: "Allsopp's Ordinary Stock, 108 to 110. Marks of business done: $107\frac{7}{8}$, 110, $110\frac{3}{8}$, $109\frac{1}{4}$."

In the special edition of the *Evening*

Standard of the same day we find the following, which is certainly more explanatory :

Time.		Selling price.		Buying price.
10.57	...	107½	...	108½
11.42	...	110	...	111
12.10	...	109½	...	110½
3.45	...	109	...	110

Now a great and palpable flaw in the official quotations is that they need not be accurate. There is no rule of the Stock Exchange which forces a broker or jobber to register or "mark" his bargain. Why should he do so? To assist the public? Is it to his advantage that the outside world should know exactly the price of this stock or that?

We do not desire to impute improper motives to a body of men who may be most honourable in their dealings, but it is apparent that if a broker by error of judgment gives too high price for stock from, or sells at too low a figure to, a jobber, and he takes the trouble to "mark" his deal on the official quotation list he can show such quotation to his client as evidence that it was the current price at the moment. To make official quotations of any value it should be

compulsory that all bargains should be "marked."

Then again the margins; that is to say the difference between the jobber's buying and selling prices. The official list quoted Allsopps at 108 to 110; they would buy at the former or sell at the latter and make a profit of £2 on each £100 stock.

The *Special Standard* quotes the margin at the more reasonable figure of £1, the difference between 109 and 110. And even this is above the mark; for in an active market when Allsopps were being freely dealt in, a smaller margin would be accepted, since the jobbers can make any number of in-and-out, purchase and sale, deals during the day. Practically when things are lively they can keep on turning over their capital and so do well enough with a small profit each time.

And the official quotation is insufficient.

It does not give the two prices, and it does not show whether the outside investor—who we have shown regulates the price by virtue of supply and demand--bought or sold. It does not show if the jobber bought or if he sold, or if he wanted to buy because

the markets looked like going up, or if he wanted to sell because circumstances foreshadowed depression. A study of margins and a knowledge of the details of bargains made, would indicate this.

It is impossible, by giving one daily quotation, to enable the public to gauge the state of the market in any particular stock.

Frequently prices go up and down two per cent. in the course of half an hour; they may be high in the morning, droop in the afternoon, and rally to the original quotation before business is over for the day. It is of paramount importance to the investor to know the exact price of a stock at any hour, for how otherwise is he to ascertain whether his broker or jobber has done his business in a fair and straightforward manner?

Newspapers are supposed to give proper quotations, and many people depend on them. The journals may be instigated by the best intentions, but can they always be relied on? For example:—

On the 23rd August, 1894, the *Evening Standard* gave the following quotations of business transacted on that day in South

Eastern Railway Deferred Stock (Dover "A") :—

10.55. $83\frac{1}{2}-4\frac{1}{2}$. 12.7. $84\frac{1}{2}-\frac{1}{2}$. 12.16. $84\frac{1}{2}-\frac{1}{2}$. 1. $84\frac{1}{2}-\frac{1}{2}$.
1.50. $84\frac{1}{2}-\frac{1}{2}$. 1.56. $84\frac{1}{2}-\frac{1}{2}$. 3.58. $84\frac{1}{2}-\frac{1}{2}$.

The stock closed on the previous day at $83\frac{3}{4}-4$. On the following day, namely, the 24th of August, the five leading newspapers made the remarks as tabulated here :—

The Times.—"South-Eastern Deferred closed at $84\frac{1}{2}$, a rise of $\frac{1}{4}$."

Standard.—"South-Eastern Deferred closed $\frac{1}{4}$ higher at $84\frac{1}{2}$."

Daily Telegraph.—"South-Eastern Deferred were $\frac{1}{4}$ higher."

Daily News.—"South-Eastern Deferred rose $\frac{1}{4}$ to $84\frac{1}{2}$."

Daily Chronicle.—"South-Eastern Deferred rose 1 to $84\frac{1}{2}$."

"Marks" of business on the official list of the London Stock Exchange were :—" $84\frac{1}{8}$, $83\frac{7}{8}$, $84\frac{5}{8}-\frac{1}{2}$."

On the 8th September *The Evening Standard* recorded only one price in Allsopps Ordinary viz., "11.54. 108-9." The stock closed the day before at the same figure. But four leading papers reported respectively :—

The Times.—"Allsopps declined $\frac{1}{4}$ to 108 $\frac{1}{4}$."

Daily Telegraph.—"Allsopps fell $\frac{1}{4}$ to 107 $\frac{1}{4}$."

Standard.—"Allsopps fell $\frac{1}{4}$ to 107 $\frac{1}{4}$."

Daily News.—"Allsopps declined 1 to 108."

"Marks" of business in the official list were :—" 109, $8\frac{1}{8}$, $\frac{1}{2}$, 8."

A comparison of these inconsistencies will show that some standard is necessary. The

Exchange Telegraph Company's tape supplies the want, and is certainly the most reliable authority by which prices can be checked.

As there are many honest and honourable stock brokers and jobbers, so there must be black sheep, and the most pleasant and lasting business relations are those in which neither party has a chance of getting the better of the other.

It is a broker's or a jobber's business to carry out an order directly he receives it and at the price then prevailing. If such order is remitted by post and arrives at the office the first thing in the morning, it should be executed when the markets open; should it be sent by telegram, the customer can calculate pretty accurately what time it should arrive, and a subsequent reference to the tape will show him that he has been fairly dealt with.

An unscrupulous broker might receive an order to sell stock. He does so at the opening price. During the day the stock goes down, say 1 per cent. Thereupon, he invoices the stock to his customer at the

lower price and keeps the balance for himself—in fact, steals the difference which he has obtained from the jobber.

On the other hand, should the stock have increased during the day he will simply invoice the real price he obtained. If he were instructed to buy stock and did so at a low price, which afterwards improved, he might pretend he had bought at the highest, instead of the lowest, and again defraud his client. And with comparative safety; for he is under no compulsion to put upon his contract the hour he did the job, and his client must be content with the explanation that he did his best according to his judgment.

A customer is justified in regarding with suspicion any broker or jobber who does not execute his commission directly it is received. The failure to do so is more often than not to be accounted for by sinister motives.

Investors should invariably consult the tape of the Exchange Telegraph Company. It can be found in most of the London evening and provincial papers. The prices are invariably to be relied on, as they are collected constantly throughout the day by

creditable agents in the Stock Exchange. Any change is immediately recorded and transmitted through the machines to the offices of the principal brokers, jobbers and merchants.

Even if an error creeps in it is immediately challenged and checked by some one interested in the stock, and who naturally desires that a correct account be kept.

So, those who are dealing have before them, when they choose to look for it, a positive report from which they can ascertain that their broker or jobber dealt at the price ruling at the time the order was received.

CHAPTER XI.

STOCK EXCHANGE BOOKKEEPING.

For every Stock Exchange transaction effected by the public a written contract is issued specifying the details of the bargain made. Brokers and jobbers do not issue contracts to each other but make entries in the books they habitually carry, and their clerks call at their respective offices to check such entries and avoid discrepancies.

Between a broker's and a jobber's contract there is an important distinction. A jobber "buys of" or "sells to" his customer; a broker buys or sells on behalf of his client, as a commission agent.

If a customer buys of a jobber the contract would be in the following form — :

London, Sept. 20th, 1894.

Sold to THOMAS SMITH, Esq.

£1,000 Brighton Deferred @ 158½ 71,581 5 0
For settlement 28th Sept., 1894.

JOHN JONES & Co.,
Stock and Share Dealers.

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If a customer sells the jobber's contract will read :—

London, Sept. 20th, 1894.

Bought of THOMAS SMITH, Esq.

£1,000 Brighton Deferred @ 158 £1,580 0 0
For settlement 28th Sept., 1894.

JOHN JONES & Co.,
Stock and Share Dealers.

A broker's contract would read conversely. Thus, if the customer bought through a broker he would receive a contract as follows :—

London, Sept. 20th, 1894.

Bought for THOMAS SMITH, Esq.

£1,000 Brighton Deferred @ 158½ £1,581 5 0
Commission ½ 1 5 0
For settlement 28th Sept., 1894.

ROBERT ROBINSON & Co.,
Stock Brokers.

Had the customer sold this would be the form of contract :—

London, Sept. 20th, 1894.

Sold for THOMAS SMITH, Esq.

£1,000 Brighton Deferred @ 158 £1,580 0 0
Commission ½ 1 5 0
For settlement 28th Sept., 1894.

ROBERT ROBINSON & Co.,
Stock Brokers.

It will be seen that an important difference between the jobber's and broker's contracts

is that when buying or selling to a jobber an investor pays or receives the *nett* price of the stock. When he employs a broker he pays an addition to the price, by way of commission, if he buys, and sacrifices a portion of the receipts when he sells. The broker, is, as we have pointed out, a middleman, and is entitled to "sweat" any money that passes through his hands.

As a protection to the public against those brokers who would retain more than they are entitled to, there is a rule that they should disclose on their contracts the names of the jobbers with whom they have dealt. The customer can then, if he be suspicious, refer to such jobbers and check the transaction. That this is not often done is accounted for by the fact that the rule is not generally known by investors and that all brokers do not, although they should do so, give the names of the jobbers upon their contracts.

If all contracts were checked as indicated, it is more than possible discrepancies would be discovered. It might be found that as

well as the commission he has a right to, a broker has defrauded his client by not returning the real price at which he dealt. A buoyant market and an insufficient method of recording prices give him a chance of returning the price which is most advantageous to himself. Of course he is not entitled to any profit beyond his commission; to take one is distinctly dishonest, but according to practice the risk of discovery is remote.

A system which offers no opportunity for speculation is preferable. Under existing circumstances, it must be safer to deal direct with jobbers than through the intermediary or broker.

In each of the sample contracts given above will be noticed "For settlement on the 28th September."

According to the rules of the London Stock Exchange, bargains are settled about once a fortnight, upon days fixed by the Committee.

If all bargains were made for immediate cash payment, selling would be as simple a matter as any other sale of goods for "cash

on delivery." But a large majority of transactions are not done for investment, but for speculative account. It would not always suit a speculator to pay for and take up stocks, so arrangements can usually be made for "carrying over," that is, for postponing the completion of the purchase or sale.

This is a matter of mutual agreement, which is so general on the Exchange that a special carrying-over day is fixed before each settling day. When such an agreement has been arrived at, the postponement does not take place at the actual purchase price of the stock, but at the price ruling at noon on carrying-over day. These prices are called "making-up prices," and are fixed by officials appointed for the purpose by the Committee of the Stock Exchange.

As for instance: If an investor bought £1,000 Brighton Deferred at $159\frac{1}{2}$ for settlement on the 13th September, and did not wish on that day to pay for and take a transfer of the stock, he would "carry it over," not at the price of $159\frac{1}{2}$ but at the price of 159, that being the "making-up"

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price on the 13th September. A broker would deliver the following account:—

Sept. 13th a/c		<i>Folio No.</i>	
THOMAS SMITH in a/c with ROBERT ROBINSON & Co.,		Stock & Share Brokers.	
<i>Dr.</i>			<i>Cr.</i>
Sept. 8th, 1894—		Sept. 11th—	
£1,000 Brighton		£1,000 Brighton	
A, 159½ ..	£1,595 0 0	A, 159 ..	£1,590 0 0
Commission ¼ ..	1 5 0	(next a/c)	
Commission c/o ¼ ..	0 12 6	Balance ..	£9 7 6
Contango £1,000			
Brighton A, ¼	2 10 0		
	£1,599 7 6		£1,599 7 6
Balance down	£9 7 6		

Thus the customer would have to pay £9 7s. 6d. to his broker to make the account even. This would not necessarily be a loss, simply an adjustment, and actually part payment off the original purchase-money. In the next account the stock would be charged not at the purchase price of $159\frac{1}{2}$, but at the “making-up” price of 159. If the investor had ultimately sold his stock before the next settling day at the price of $161\frac{1}{2}$, he would receive the subjoined account:—

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September 28th a/c. *Folio No.*
 THOMAS SMITH, Esq., in a/c with ROBERT ROBINSON & Co.,
Stock and Share Brokers.
Dr. *Cr.*

Sept. 11th, 1894— C/o £1,000 Brighton A, 159 £1,590 0 0 Commission $\frac{1}{2}$.. 1 5 0 Balance .. 23 15 0 £1,615 0 0	Sept. 16th— £1,000 Brighton A, 161 $\frac{1}{2}$.. £1,615 0 0 £1,615 0 0
	Balance down £23 15 0

And the broker would send him the balance of £23 15s.

Analysing the transaction we find that :
 The investor bought £1,000 Brighton Deferred Stock for £1,595, and sold them ultimately for £1,615, apparently making a profit of £20.

He did not get it.

All he actually received was £14 7s. 6d., for he paid out £9 7s. 6d. and got back £23 15s. The difference, £5 12s. 6d., was retained by the broker for his charges and commission ; surely a substantial slice of £20, more than 27 $\frac{1}{2}$ per cent. of the investor's profit !

Had he dealt with a jobber instead of a broker, the commission would not have been

incurred, and he would have received his full profit of £20.

There is, however, one item in the account which an investor would have to pay, whether he dealt with a broker or a jobber. This is "contango," a perfectly reasonable and proper charge, as will be seen by an explanation of what it is.

Money always commands some rate of interest. When an investor desires to postpone completing the purchase of his stock, it is clear that some one must find the money necessary to pay for it, take it up, and hold it during the investor's convenience.

The interest charged for so doing is called **CONTANGO.**

The rate of contango varies from time to time according to the fluctuations in the Bank rate. When interest on money ranges high, naturally contango will be high; when money is cheap and interest low, then contango will be proportionately reduced.

Contango is charged, according to the custom of the London Stock Exchange, for the exact number of days of the "account"

succeeding the date of carrying over. So unless an investor sells out precisely on account day he is charged interest for a longer period than he has used the money. As for instance: If an investor purchase, say, £1,000 Milwaukee stock at the price of £675 on the day preceding the account, and sells it again three days after the account, he must nevertheless pay 14 days' interest. Suppose contango rules at the rate of 6 per cent. per annum, he is really paying at the rate of about 26 per cent., for he has only used the money for three days.

This is manifestly unfair; but it is the rule, and Stock Exchange rules naturally incline more to benefit its own members than the outside public, who year after year timidly submit to unnecessary charges.

In English Rails contango is quoted at "per cent. per account;" thus, in the account "contango $\frac{1}{4}$ " means 5s. for every £100 stock per fortnight. In most other stocks the quotation is at so much per cent. per annum; while in mining stocks and a few other fugitive stocks contango is reckoned at so much a share.

If we make a close calculation we shall find that on the average the contango on high class stocks ranges between 3 per cent. and 8 per cent., and on more speculative securities it varies between 10 per cent. and 30 per cent.

It must not be supposed that the contango is always fixed according to the rate of interest ruling at the time, as the rate of contango largely depends upon whether purchasers or sellers are in the majority in the market, that is to say, whether the stock is scarce or otherwise.

In cases where stock is scarce, or where more has been sold than can be delivered, then premiums are offered for the right to postpone delivery. Such premiums are called BACKWARDATIONS, and wherever backwardations exist on a stock it may always be known that a great deal more of this stock has been sold than the public is desirous of delivering; these backwardations are, however, of comparatively rare occurrence.

We have therefore shown how accounts are made up in case stock is not taken up.

Wherever stock is taken up, the name, address and description of the purchaser has to be given to the seller, in order that he may prepare when necessary the transfer documents. The names are written on slips of paper called TICKETS, and made up in the Stock Exchange Clearing House.

Ultimately, when all these formalities have been gone through, and it is finally settled whether stocks are taken up or carried over, the whole accounts are settled, stocks delivered, and purchase-money paid.

There are therefore three distinct formalities to be gone through. Each requires a good deal of time, and as it would be impossible to accomplish the whole in one day, arrangements have been made to allow three days for the settlement of each bi-monthly account.

The first day is called "carrying over day," and on this day only carrying over arrangements, as indicated by the name, are made. The second day is called "ticket day," on which, as also the name indicates, the tickets bearing the names and addresses of the parties taking up stock

are passed by the brokers and jobbers. The third day is called "pay day," on which stocks are delivered and accounts paid.

As, however, large amounts change hands on these pay days, and as a broker or jobber might have hundreds and thousands of pounds pass through his account, whilst only a few hundreds remain with him as difference or profit, it is a matter of paramount importance that all Stock Exchange accounts should be settled with punctuality.

Supposing a broker bought for his client £120,000 of stock, and the client did not provide the funds punctually on pay day, the broker might find himself greatly embarrassed, as he would have to pay to the parties from whom he bought the stock, although he had not received the cash from his customer. The total profit on his transaction might only be a hundred or two, and he might find himself in the position of being unable to carry out his bargain with the party from whom he bought the stock on behalf of his client. Investors should always remember this, and endeavour to send their money for stocks or difference of account prior to settling day,

if possible, but never later than the settling day.

All stocks to bearer must be delivered on the actual settling day. All stocks which pass by transfer have 10 days' grace allowed, in order to enable the transfer documents to be prepared and signed.

This is a fact but little known by the general public.

They think their broker or jobber unpunctual if he does not transmit the transfers on settling day, whilst this is really impossible, so a necessary custom prevails providing 10 days for delivery.

The whole system of Stock Exchange bookkeeping is very simple when once understood, and it is of the greatest importance that investors should thoroughly master it, in order to be able to check their accounts. That there should be so many settling days is an irritating rule of the Stock Exchange. One in every fortnight is surely too many, as the constant examination of accounts may become embarrassing, and so to both investors and speculators it would come as a boon if a longer period were allowed to elapse between the settling days.

CHAPTER XII.

ANOTHER MODE OF SETTLEMENT.

The foregoing explanation shows that according to the prevailing system of Stock Exchange book-keeping fortnightly settlements do not affect ultimate results, but they keep an investor constantly on the move. Of course, it makes no difference whether a profit made is received by instalments, or if a loss made is paid by instalments, or whether profits or losses are adjusted by receipt of a profit one fortnight and the payment of a loss the next, provided that eventually the account is on the right side.

Still some system which saves both jobber and investor trouble, and which also saves expense to the latter, must naturally be preferable.

A person who enters into a speculative investment or a speculation does not care to

be constantly bothered with accounts; he would rather do his deal, let it take its course, and settle at a reasonable time, after having had proper notice and having been able to provide for a contingency.

Supposing he had purchased £10,000 Spanish 4 per cent. Bonds on the 2nd of June, at the price of 65. He intended to go for a profit of 3 per cent. For a long time there was hardly any movement in this security until the beginning of August, when it gradually rose, and on the 1st September he sold at 68. His profit was £300. But as there were five "accounts" intervening between the 2nd of June and the 1st September, such accounts had to be adjusted five times, and he had to send three cheques to his broker for differences, while the broker had sent him two.

Here, in simpler form, is the transaction which the investor entered into, and which he intended to enter into:—

Sept. 1st.	Sold	£10,000 Spanish 4 %	at 68 =	6,800
June 2nd.	Bought	£10,000 Spanish 4 %	at 65 =	£6,500
Profit				<u>£300</u>

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Had the account been rendered like this a great deal of correspondence, the writing of five cheques, and other inconveniences would have been saved. We shall show later on how much more complicated and expensive is the ordinary mode employed by brokers.

It has always appeared to us that an ideal system would be to render accounts when they are actually concluded, by either delivery of the stock or by the stock being re-sold. To effect this, however, is hardly possible, as payments on account would have to be made from time to time if the difference between purchase and sale had reached a certain amount. But we have very nearly approached the desired end, for a method of settling accounts every three months has been inaugurated by the firm of W. W. DUNCAN & Co.

Such system obviates constantly recurring settlements; it arranges for a suitable rate of interest on the purchase-money, not for an imaginary period like ordinary contango, but for the time the money is actually employed in the operation.

We have shown above how the transaction in Spanish Stock would have come out if no recognised modes of settlement were in vogue. We will proceed to show how it would work according to the prevalent fortnightly Stock Exchange practice, and we will show how it would appear had it been transacted according to DUNCAN'S three-monthly system.

The advantage of this last-named over the preceding example is so obvious that the system has naturally become highly popular; in fact, few shrewd and clever investors now receive accounts rendered on the old-fashioned fortnightly plan, nearly all have adopted the three-monthly system.

This is an important subject which all investors should master. Here then are the conditions and advantages of this new system:

Settling days are appointed at definite dates always three months in advance, therefore investors know beforehand how much time they have for the development of their operations. Seven days prior to the actual settling day, a carrying over day is appointed, on which the stocks are revalued on the same

principle as the London Stock Exchange accounts. When the postponement of settlement is not desired all stocks are delivered.

Instead of the ever varying rate of *contango*, a uniform rate of 4 per cent. per annum is charged, and this from the date of opening until the date of closing or delivery of the stock, so the operator pays interest only for the exact time during which he had the use of the money.

On settling day the accounts are adjusted, and balances handed over. During the account, the investor is entirely unfettered, open to buy back what he has sold, or sell what he has bought, either with his jobbers or with any other firm. He can arrange his accounts in such a way that even his jobber does not know what he is doing.

Supposing at any time, he should not be able to deal with the firm of DUNCAN, then he could effect the transaction with another firm, and this firm would make up the account with Duncan's, by the actual delivery of the stock.

Stock Exchange accounts are thus brought down to their utmost simplicity, and can be

understood by anyone, and this is why the three-monthly system has proved to be such a grand success.

The "Cover" system also obviates the necessity of Stock Exchange settling days. But as dealings on this system are somewhat similar to gambling on horse races we do not desire to explain it further than by saying that it is merely betting as to whether the price of a stock will go up or down. No purchase or delivery of stock is ever contemplated and the speculator limits his loss to the actual amount lodged in the hands of the broker.

A point we must again urge upon readers who examine the examples we are about to give is this: although a broker may be employed, the investor and the jobber are the real parties to a bargain. A broker is a middleman, an unnecessary, and as the accounts will show, an expensive luxury who charges an investor certain fees to do that which he could perfectly well do for himself free of charge. The fees may seem small, merely fractional, but they mount up and take a good slice off any profits that may be made.

If the profit should be but small, it frequently happens that over a term of years the broker gets it all, and the investor has worked and risked his capital for the broker's benefit.

Now let us look at accounts. This is the position. Thomas Smith on the 2nd of June bought through Robert Robinson & Co., stock brokers, £10,000 Spanish 4 per cent. bonds at the price of 65 and sold them at the end of August following at 68. He would have received every fortnight accounts as will be found on the following pages.

To those not versed in Stock Exchange accounts we offer the following explanation.

On the right side of the account will be found all *credit* items, viz., everything that the client is entitled to receive; on the left side all debit items, viz., all that the client has to pay.

If the credit side be larger than the debit, the client receives money on balance, and on the other hand if the debit be larger than the credit, he has to pay.

Stocks are carried over from one account to the other at making up prices (see A B C)

THOMAS SMITH, Esq., in a/c with ROBERT ROBINSON & Co., Stock Brokers.

MID JUNE A, C 1894.

1894.			Deferred Delivery to next a/c.		
Bought for Thomas Smith.			June 12th—		
June 2—	£	s. d.	£10,000 Spanish 4 p.c., 65 ½	£	s. d.
£10,000 Spanish 4 p.c., 65 ½	6,500	0 0	Balance ..	64 ½	6,475 0 0
Commission ½	12	10 0		..	60 3 8
Commission c/o 1 ½	6	5 0			
Contango £10,000 Spanish	16	8 8			
@ 4 p.c., 15 days ..					
	£6,535	3 8			£6,535 3 8
Balance down ..			June 14th—		
£60	3	8	Cheque paid by investor to broker ..		
				£60	3 8
END JUNE ACCOUNT, 1894.					
June 12th—	£	s. d.	June 26th—	£	s. d.
C/o from last a/c £10,000			Deferred Delivery to next a/c		
Spanish 4 p.c., 64 ½	6,475	0 0	of £10,000 Spanish 4 p.c.,		
Commission c/o 1 ½	6	5 0	65 ½	..	6,512 10 0
Contango £10,000 Spanish	13	8 4			
@ 3 ½ p.c., 14 days ..	17	16 8			
Balance ..					
	£6,512	10 0			£6,512 10 0
June 28th—			Balance due to investor from broker ..		
Cheque received from broker	£17	16 8			£17 16 8
by investor ..					

THOMAS SMITH, in a/c with ROBERT ROBINSON, Stock Broker.

MID-JULY A/C, 1894.

June 26th—		£	s	d.	July 10th—	£	s	d.
C/o from last a/c, £10,000					Deferred delivery to next a/c			
Spanish 4 p.c. 65½		..	6,512	10 0	of £10,000 Spanish 4 p.c.,			
Commission c/o, 1½		..	6	5 0	64½	..	..	6,437 10 0
Contango £10,000 Spanish @		..	11	10 0	Balance ..	..	..	92 15 0
3 p.c., 14 days ..		..						
			£6,530	5 0				£6,530 5 0
Balance down ..		..	£92	15 0	July 12th—			
					Cheque paid by investor to			
					broker ..	..	..	92 15 0

END-JULY A/C, 1894.

July 10th—		£	s	d.	July 25th—	£	s	d.
C/o from last a/c, £10,000					Deferred delivery to next a/c,			
Spanish 4 p.c., 64½		..	6,437	10 0	£10,000 Spanish 4 p.c.,			
Commission c/o, 1½		..	6	5 0	64½	..	..	6,425 0 0
Contango, £10,000 Spanish		..	20	10 10	Balance ..	..	..	39 5 10
@ 5 p.c., 15 days ..		..						
			£6,464	5 10				£6,464 5 10
Balance down ..		..	£39	5 10	July 27th—			
					Cheque paid by investor to			
					broker ..	..	..	£39 5 10

THOMAS SMITH in a/c with ROBERT ROBINSON, Stock Broker.

TOTAL RESULTS.

	£	s.	d.		£	s.	d.
June 14th—				June 28th—			
Thomas Smith has paid	..	60	3 8	Thomas Smith has received ..	17	16	8
July 12th—				Aug. 15th—			
Thomas Smith has paid	..	92	15 0	Thomas Smith has received ..	113	0	8
July 27th—				Aug. 28th—			
Thomas Smith has paid	..	39	5 10	Thomas Smith has received ..	206	10	2
Total paid..	..	£192	4 6	Total received ..	£337	7 6	
				Nett profit on the whole	£145	3 0	

These accounts are made out strictly in accordance with the custom of the Stock Exchange, and in pursuance of its rules with regard to the dealings between brokers and their clients. It shows that an investor's nett cash profit on a successful transaction effected through a broker amounted to £145 3s. Od.

Now, suppose that Mr. Thomas Smith, instead of employing a broker, had dealt directly with jobbers, say, Messrs. W. W. DUNCAN & Co., and this not on the system of fortnightly settlements but on the system of three-monthly accounts. However, accounts on both systems are made out in similar manner. Here is an account to show how Mr. Thomas Smith would have fared with Duncans :—

Folio No.

THOMAS SMITH, Esq., in a/c with W. W. DUNCAN & Co., Stock and Share Dealers,
St. Stephen's Chambers, Telegraph Street, E.C.

SEPTEMBER 28th A/c, 1894.

<i>Dr.</i>		<i>Cr.</i>	
	£ s. d.		£ s. d.
1894.		1894.	
Sold to Thomas Smith, Esq.		Bought of Thomas Smith, Esq.	
June 2nd—		Aug. 26th—	
£10,000 Spanish 4 p.c., 65 ..	6,500 0 0	£10,000 Spanish 4 p.c., 68 ..	6,800 0 0
Interest on purchase money,			
viz., £6,500, at 4 p.c., for			
84 days	59 16 7		
Balance	240 3 5		
	<u>£6,800 0 0</u>		<u>£6,800 0 0</u>
Sept. 28th—		Sept. 28th—	
Cheque received from Duncan's by Thomas Smith ..	£240 3 5	Cr. due from Duncan's to Thomas Smith, Esq. ..	£240 3 5

There is no difference actually between Mr. Smith's intention in the first instance and his intention in the second. He meant to buy £10,000 Spanish on the 2nd of June, and sell them at the end of August. In both instances he has done so, and at the same price all round. But, whereas, through a broker he received £145 3s. 0d., when he dealt with Messrs. DUNCAN he received £240 3s. 5d. Can there be a question as to which is the more beneficial system?

The risk was the same in both cases; the transactions were absolutely identical, and yet, a dealing with a jobber produced something like a 40 per cent. better profit!

It is really almost superfluous after these examples to expatiate further on the advantages of the three-monthly system, or on the benefits which an investor experiences in dealing with a jobber instead of a broker. And it is but natural, since we have already shown that the middleman, or broker, is simply a "useless, though authorised, "sweater" of his client's capital.

In such a transaction as we have analysed we find that by dealing through a broker an

investor has wantonly wasted two-fifths of his margin!

There is another point to be considered—a question of safety. A broker is not responsible to his client in the case of a loss. As agent for the investor he deals with any jobber he pleases, the investor has no voice in the selection of the jobber, and although he has a right to demand to know his name he seldom exercises such right. If the jobber became bankrupt or unable to meet his liabilities the investor not the broker would be the loser. And this seems hard since the investor does not voluntarily do his business with such jobber.

On the other hand, if he opens an account with a jobber, presumably he has previously satisfied himself as to such jobber's solvency and honesty. Not only he deals with the principal direct at the closest prices, but he does not run the risk of his money passing through two people's accounts.

It is as improvident as it is costly to employ a broker, and the majority of operators have discovered this. All they have to do is to find out a respectable firm of jobbers with

whom they can deal. There is no delay ; no waiting for the middleman to find the jobber, no uneasy feeling as to whether or not that jobber, who is merely a name since the investor knows nothing about him, is able to carry out his bargains.

Business between jobber and investor is concluded immediately, for both being principals there are no other people to consult. And it is no wonder then that the broker, like Othello, is beginning to find his "occupation gone" while the jobbers flourish like green grass to the expedition of business, to the advantage of investors, and to their own benefit.

PART III.

Articles which have appeared in Duncan's Market Report.

CHAPTER XIII.

SUCCESS IN STOCK OPERATIONS.

THAT large fortunes are made by operations in stocks is a matter of common knowledge.

What is not so generally known is how this can be done?

And yet, when the subject comes to be analysed, the difficulties and mysteries fade away, and the business man of ordinary intelligence wonders at the simplicity of the operation. It requires no technical education, no phenomenal foresight, not even a precise acquaintance with the nature of the securities dealt in. All that is necessary is an ordinary shrewdness, such as can be found in the majority of

commercial and professional men. These devote their attention, for the most part, to the special affairs they may be engaged in, and miss opportunities which their own business habits would render easy to be seized upon.

Many of them do operate, and many others would like to do so, but are afraid of the pitfalls and dangers supposed to be inherent in Stock Exchange operations. They scrutinize more or less closely the daily reports, they watch the up and down movements of this or that stock, they feel that nice profits might have been secured, and then—they are sorry they did not take advantage of the chances offered.

What benefit do they derive from this? None at all. They might just as well have saved themselves the trouble of reading the Stock Exchange items. And why? Because they have not had the courage of their own opinions to make some money.

It is not until a stock has had a big rise that the lethargic public begin to take any notice of it.

Then the amateur operator, the hard-

headed business man, the person who has a small income, which might be increased, begin to watch the market fluctuations.

They hear well of a stock, they see an upward movement in it; the stock interests them; it rises higher, and still they lack the energy to partake in the profits accruing. Presently they begin to calculate how much they might have made if they had speculated, and the more the stock goes up the more they get fascinated, until at length they decide on having a few hundreds in the security.

Too late! very likely.

They have dallied and shilly-shallied with their opportunities, they have purchased at the highest instead of at the lowest; they lose their money and think they are unlucky!

Nothing of the sort. Bad judgment and hesitancy have brought about a result which must have been anticipated by reasonable persons. Every stock must have its limit of price, no matter how high or low that price may be.

The whole secret of successful operation in stocks lies in the purchasing at a

low price before a rise has commenced, and then reaping the benefit of the increased value when the upward movement has fairly set in.

"Very plausible," our readers will say; "but how are we to know when the lowest price is reached, so that we can buy advantageously? Surely this is the difficulty, this is the chance." Our answer is: "You can buy at a low price by exercising, without any special ingenuity, the ordinary amount of intelligence with which the average person is endowed."

Take up the table on page 204, which shows the fluctuations in public securities, examine the highest and lowest prices over any number of years, and at a glance you can tell if a stock is above or below its average price. We don't say buy indiscriminately every stock that shows the slightest depression. Select your stock with some common sense, and one of the most important points is to select a stock which has a history; that is, a stock that has been established a considerable number of years.

Every new Company, most new issues,

have to pass through the difficulties of their infancy, and until the public have fairly dealt in such securities for some time in the open market, it is impossible to foretell, with any amount of accuracy, what the future may bring forth.

As an example, let us select some stock from the table referred to—"Erie Common" will do; that is to say, "The New York, Lake Erie and Western Ordinary Shares."

Here is a stock that has a history—that has fluctuated considerably.

The highest price it ever reached during the past fifteen years was $52\frac{5}{8}$; this was in 1880. The lowest price ever recorded was about ten; this was in 1885. The present price is $16\frac{1}{2}$.

Now here is a stock out of which operators must from time to time have made immense profits. However, for the purpose of this argument we need not go through the range of the whole fifteen years. We will take six years from 1888. Then it reached $31\frac{3}{8}$; two years later, in 1890, it was quoted at $16\frac{1}{2}$, and in 1892 it was up again to $35\frac{7}{8}$. In February, 1894, it stood at $16\frac{1}{2}$.

Judging from the history of the stock and the fluctuations, which seems more probable?—That it is the time to sell or to buy? That it will go lower or higher? The answer is obvious.

This short analysis shows a curious coincidence, namely, that the price in February, 1894, was equal to the lowest price the stock has touched during the previous six years. From $16\frac{1}{2}$ in 1890 it rose to $35\frac{7}{8}$ in 1892. The inference therefore must be that from $16\frac{1}{2}$ in 1894 it will have a substantial rise by-and-by.

If history repeats itself, and it does in the stock market, "Erie Common" is likely to be in the future so much above the price it stood in February, 1894.

People who prophecy are justly considered fools; we do not wish our customers to place us in that category, and therefore do not pretend to foretell the future. But we argue from facts and from the doctrine of ordinary prudence. We reason, and arrive at the conclusion that "Erie Common" is likely to touch $35\frac{1}{2}$ by-and-by, and is therefore one of the securities which ought to be

watched by people desiring to deal in stocks with a view of getting a share of the profits when the rise takes place.

It is no use to wait until the stock touches $35\frac{1}{2}$ and then rush to purchase; because prudence and experience show us that after that period the probabilities of a further rise are remote.

Another argument in favour of a purchase of this stock at about $16\frac{1}{2}$ is that the amount of any loss must be trivial compared with the amount of probable profit.

It is of course possible that it might touch the lowest price it has ever seen, namely 10, but it is equally possible that it may reach as high a point as it has seen in fifteen years, namely $52\frac{5}{8}$. So that if we buy at $16\frac{1}{2}$ we *might* lose $6\frac{1}{2}$ points, whereas we might gain 36 points.

To put the position into sporting parlance it is "six to one on us."

By making calculations such as this the professional operator is successful. The outside operator who does not trouble to use his brains, loses his money. The insider follows his figures throughout, and the amateur goes

upon hearsay, or is frightened out of a good investment by temporary causes which he does not understand how to discount.

Now we do not wish it to be understood that we take the view that Erie Common Stock will immediately start going up until it touches the predicted figure of $35\frac{1}{2}$, or that we have any interest in recommending a purchase of that particular security. We have simply selected this stock on account of its systematic movement, and as offering an apt illustration of market fluctuation, which, if carefully watched, can be taken remunerative advantage of.

There are plenty of stocks equally favourable for investment or speculation, and if our readers care to study the list of highest and lowest prices, they can form their own views as to the most inviting securities to deal in.

After they have formed an opinion we shall be happy to advise. If they will send us their figures and the result they have arrived at we will comment upon their conclusions and give our opinion.

Being ourselves stock and share dealers, it is a matter of total indifference to us what

class of stock our customers operate in and whether they buy or sell. Whatever they do, we rely for our profit on the difference between buying and selling price, and as we invariably recommend for operations of this kind a leading stock which cannot be influenced by an individual group, it is evident that we have no self-interest to serve.

CHAPTER XIV.

APATHY OF INVESTORS.

PERHAPS the little word "snug" has something to do with it?

There is a fascinating sound in the expression a "snug" investment or a "snug" income. It conveys the impression that the possessor of either is settled comfortably for life without troubling himself about money matters. An idea of peace and plenty, of idleness and ease, is a sort of halo that surrounds a "snug" income.

The person who rejoices in the benefits of a "snug" investment, would hardly feel gratified if he were called a slothful or wasteful man. His money brings him in sufficient for his wants, his capital is secure, he does not exceed his income and takes no interest in the rise or fall of the market.

Stocks and shares may go up or down.

What is that to him ? He is no speculator, goodness forbid ! What he has is "snugly" put away and produces a "snug" income.

Yet the man who boasts of being in this position is lazy and extravagant.

"How?" you would ask, "he has no need to work, therefore is not lazy for doing none; he does not spend more than the interest on his investments, therefore he is not extravagant."

Such arguments are based on fallacies, which we will explain away.

It is the duty of everyone, both for his own sake and for the sake of those dependent on him, and who may come after him, to make the most he can out of what he has got. A person who changed his fortune into gold coin and spent the money according to his necessities, would be deemed a poor ass indeed, even although he had more than enough to last his lifetime. He should invest the bulk so that it produced income and perhaps increased the capital value.

This would be common prudence. To allow the money to lie idle, to see it diminish, would be wilful waste, as wilful a waste as to

smash valuable china or to wantonly destroy wholesome food. In fact we may safely aver that there are few men who are not lunatics who would be guilty of such anserous stupidity.

Can such an idiot be classed with the fortunate possessor of "snug" investments, producing a "snug" income?

Certainly. For the person who allows his money to lie fallow, without taking advantage of the opportunity of increasing it, risks some of his capital, sacrifices income and gives himself no chance of making up the deficiencies which may arise.

Supposing one's fortune in 1890 had consisted of £9,400, and with this money at that date £10,000 Consols had been purchased. There is no "snugger" investment than British Consols; they pay $2\frac{3}{4}$ per cent., interest, so the income would have been £275 per annum. The investor might have been content to live on this; it might have supplied all his wants.

Well, after four years, namely, now in 1894, the value of Consols has increased. The £9,400 originally invested are now

worth £10,100. Our so-called prudent investor is actually worth £700 more than he was; yet he does not sell, he still holds on, he still receives his £275 per annum.

The increment of £700 is no use to him; he has not turned it into cash and re-invested it, and he receives no increased income from it. In short, he has wasted it, wantonly allowed it to lie fallow.

If this man with an income of £5 10s. a week were told that he is practically throwing away £700 he would laugh at the idea. His friends would sententiously refer to his "snug" investment, and he would doubtlessly consider himself a shrewd, cautious, prudent fellow. Where the shrewdness, caution and prudence come in it is difficult to say, for if £9,400 produced the "snug" income of £275 a year it is pretty apparent that £10,100 ought to produce more.

Lethargy must not be confounded with prudence. People ought to make money if they safely can do so. And the method to be employed is to keep capital active, to turn it over when profitable occasion arises.

If the man with £9,400 in Consols finds his property worth £10,100 he should sell out and re-invest in some other security producing as good a rate of interest, and in which there is again a probability of an increase in value.

This is how capital grows and how increased incomes are obtained.

We do not suggest that a person unversed in the art of investment should be constantly watching for changes and altering his securities at every turn in the market, but he should certainly take the opportunity to reap the benefits which favourable fluctuations place within his grasp. If he is too lazy to do so he does not deserve the profit accruing, but he must not flatter himself that he is shrewd and cautious when he is idle and wasteful.

Another argument against allowing securities to rest permanently where they were, is the probability of loss of capital. If an investor does not make use of a profit that offers itself when his capital increases in value, how can he make up the deficit if it has decreased ?

Supposing to-day one invests £10,100 in Consols and in a few years they have sunk again to the value of £9,400, as in 1890, the purchaser would have lost £700, in other words all his interest would have been swallowed up, and his capital have dwindled into the bargain. Still he would pride himself on his "snug" investment, and fancy he was receiving a "snug" income. In reality he would have been living on his capital.

There is a good deal of humbug about permanent investments.

People who hold high-class securities are in the habit of disparaging others. In their self-satisfied vanity they consider that they, and they only, do the right thing. Forgetting that where they are not taking advantage of opportunities offered they are positively wasting money, they regard those who do as speculators and adventurers, and while believing themselves the acme of substantiality forget that perfect safety of capital and interest can be obtained in combination with occasional variation in investment.

And the man who gets the most he can for his money will find in the long run that his fortune is just as "snug" and a good deal larger than that of his apathetic neighbour who foolishly prides himself on having held the same investment for a quarter of a century.

CHAPTER XV.

PROFITS *versus* DIVIDENDS.

EVERY investment should be regarded from two aspects. From one it should be looked upon as capital; from the other as a profit earning power.

The majority of investors, while taking the most intimate concern in the latter, are content to ignore the former view, and the result, anomalous as it may appear, is that the best chances of the latter are lost.

People are so wrapped up in the question of dividends that, as a rule, they miss grand opportunities of making profits. So long as an investment brings in a good return, it cannot matter much to the holder of a security whether his profits are derived from the dividend earning power of the concern or from cautious manipulation of his holding.

What his object ought to be is, to get the most he can out of his investment, and we

say once for all that the best method of accomplishing this end is not to sit quietly on his holdings and wait for his dividends.

To bring our meaning forcibly to the minds of our readers, we cannot do better than refer to Allsopp's Ordinary Stock.

What do the holders of it expect to get? What are they hoping for?

The best rumours that reached us in the summer of 1894 on anything like authority were that a dividend of 6 per cent. might be paid.

Very satisfactory no doubt.

A person who possessed £1,000 stock might, if hopes were realised, have succeeded in benefiting to the extent of £60 for the year. Not bad as things go; but those who were jubilant or even content because of such a success, might have calmed their emotions when they learn that in the month of April 1894 alone £180 might have been made by a judicious use of a £1,000 stock! And this without altering the position of the holder, and without sacrificing the ultimate dividend.

Nor is there anything magical in the system which might have been pursued to this

desirable end. The plan was simplicity itself, and founded upon the principles we are always laying down; namely, by selling when the stock was up, and buying it back when a sufficient profit had been made for the moment.

To make the matter perfectly plain, here is a table showing what might, and what, indeed, ought to have been done in the months of March and April, 1894, by a holder of £1,000 stock:

Sold on	At price of	Bought back on	At price of	Profit on £1,000 Stock.
March 20th ..	107½ ..	March 22nd ..	104 ..	£35
„ 28th ..	106 ..	„ 31st ..	104 ..	20
April 2nd ..	105 ..	April 11th ..	97 ..	80
„ 14th ..	100½ ..	„ 17th ..	96 ..	45
Total profit without parting with stock ..				<u>£180</u>

Now, supposing these dealings terminated the transaction, the holder would still retain his stock, he would have received £180 cash, and could wait patiently, if he chose, for any dividend that might be declared. More, he need never have parted for one moment with his holding, and as matters turned out he would have seen several more profits.

Simply, he would have had sense enough to have taken advantage of the frequent fluctuations and have turned the vivacity of the market to his own profit.

And one of the principal advantages of dealing in a lively stock, that is, in a stock which is continually going up and down, is that similar opportunities offer themselves.

In stagnant securities these chances do not present themselves, and if an investor makes no use of market movements he may just as well purchase at the onset dead-and-alive stocks, and leave profitable securities for his more enterprising neighbours.

We may be met with the observation that it was impossible to know when to buy and when to sell; that of course if we can buy at one price and sell higher we can make money, but that there is no royal road to accurate prophecy.

None of these remarks apply, for the simple reason that unless such fluctuations do take place; that unless the market is busy a holder can sit quietly on his stock and draw his dividend when it comes payable.

This at least cannot be taken from him, and in sporting parlance "he stands the rest to nothing."

Again, we do not pretend to prophesy; we merely imagine that what has been, will be again. It is pretty safe to foretell that when a stock is abnormally high it will drop, and that when it is unusually low it will rise.

But in such a deal as we have indicated in Allsopps, neither very highest nor very lowest price need be waited for.

A holder is satisfied to accept a profit of say 2. He waits until he can realise this and then sells; if a fall succeeds the rise he can buy back again, pocket his margin and then wait again.

What occurred in Allsopps during March and April 1894, might not occur every month with equal celerity, but similar opportunities do offer in lively markets several times in each year, and when once an investor has bought and paid for his stock he is master of the situation and need only deal when it serves his purpose to do so; that is, when he sees a profit.

People imagine that to carry out such transactions as these they must devote a lot of time and attention to watching the market. Some of them even think that they further their ends by hanging about Stock-dealers' offices and assiduously watching the tape every time the machine clicks forth a fresh quotation.

Nothing of the sort is necessary ; in fact this feverish anxiety, this element of excitement is bad for business, it warps the intelligence of the investor and impedes the business of the dealer.

Those who live in the country and carry out their stock transactions by correspondence, can do as well, or even better, than those who spend so much time over their investments. They have only to give their instructions to a respectable dealer and the bargains are carried out.

A man knows perfectly well what his stock has cost him ; if he wants a profit of 2 on it he has only to send to the jobber he deals with and say he wishes to sell at the price registered on the tape, and he can repeat

his orders, or give others as those fluctuations occur that seem advantageous to him.

In dealing as we do, strictly at tape prices, no opportunity is offered for getting the better of the investor, as our customers are fully aware by this time.

Bargains are accepted at the price of the moment they are submitted, and so profits are easily made if our customers happen to be intelligent enough to take advantage of the prevailing markets.

It must not be understood that it is in Allsopps only that opportunities present themselves.

Investors and holders of stocks should notice all securities in which the market is active, they should conduct their transactions a little in advance of the fluctuations, and to do so is not difficult if they study the ordinary doctrine of probabilities. By so doing they give themselves the fullest chances of making the most of their capital and not remaining quiescently satisfied by merely receiving the dividends which this or that enterprise may earn.

And the fact that after the month of April, 1894, there was another big rise in Allsopps, strengthens considerably all our arguments. In the first place it proves the bouyancy of the market, and further it increases the investor's profit something like £240. But our example was taken haphazard, and merely shows what could have been done in March and April, 1894.

CHAPTER XVI.

HOW TO MAKE YOUR OWN DIVIDEND.

THE large fortunes which have been made upon the Stock Exchange have been derived from the fluctuations from time to time of stocks and shares.

High-class stocks paying ascertained dividends do not fluctuate largely. Therefore the money must have been made out of a different class of securities, namely, those which have a speculative rather than definite value. And whether we draw five per cent. on our capital by way of interest or by way of profit the result is the same. But with this distinction; that interest is annual and comes but once a year, while by judicious buying and selling we may make half a dozen profits of five per cent. each in the course of the same period.

It is the duty of everybody to get the most he can for his money; more, it must conduce

to the comfort of the moderate capitalist to increase his income.

People do not always understand how to keep their expenses within their means. They would reason that because four per cent. upon their invested money is not sufficient for their requirements they must look out for a five per cent. security.

That such investments can be found is undoubted.

The difficulty is where to look for them. And the persons who are not in the habit of earning money, who have not been brought up with business qualifications are the last people in the world to be able to exercise the ingenuity necessary for the selection of appropriate investments. They trust to other people; their orders are precise. "Invest my money to bring me in five per cent. and do not let me be bothered."

Uninspired professional men carry out these instructions honestly and to the best of their ability.

But their lack of knowledge stands in their way, and frequently their efforts result in

a total collapse. Investments are badly chosen and principal and interest both get lost.

A shrewd man can obtain five per cent. for his money. An inexperienced investor ought to be satisfied with three per cent. or four per cent. Still, the wants of both are equal, and their capital the same. How are they to be brought on a level?

There is a way out of the difficulty; and that is not to invest at all, as we understand the word investment, but to earn one's own dividend.

Nor is this beyond the scope of the most ordinary intelligence.

By buying and selling stocks that fluctuate in the market advantage can be taken of low prices and a percentage of profit earned far in excess of the usual rates of interest. Of course, a certain amount of common sense must be brought to bear upon dealings with money as it must upon all other affairs of life. But with capital it is not difficult to earn money.

To buy a thing at a low price and sell it at an advance is the essence of all commerce.

And there can be no class of goods so easy to deal in as stocks and shares, since there exists a practically unlimited market, and official prices of them are quoted from day to day—almost from hour to hour.

The man who wants to earn a dividend for his money has therefore a fine field open to him. He should look out for a low-priced security, the history of which shows that it has been at a much higher price than that at present quoted. He should select a security of which he can purchase the largest amount of nominal capital for the smallest outlay of cash. Then he will find himself in this enviable position. He has a chance of the largest possible profit with a possibility of infinitesimal loss.

One example is worth a dozen columns of theory. And we can find a dozen examples. Take for instance securities like Chatham & Dover Ordinary, Sheffield "A," Atchison & Topeka, Central Pacific, Erie Ordinary, Northern Pacific Preferred, Ontario & Western, and hosts of others. All these are non-dividend payers; all might be described as "rubbish." Naturally an investor will ask,

“how can I get an income if I buy such securities as these?”

It is simple enough.

Now on the 1st of March, 1894, Sheffield “A” stood at 26, that is to say 3,500 stock could have been purchased for £910. On the 13th March the stock stood at 27, and would therefore have realised £945, making a profit of £35 in 13 days. If we pursue the calculation to the end we shall find that the rate of interest made as profit comes out at something like 95 per cent. per annum!

Similar opportunities occur every day, but even if the investor could only make four such bargains in the year he would be getting over 15 per cent. for his outlay! Yet all this time Sheffield “A,” the stock he had invested in, would be paying no dividend at all.

Supposing instead of Sheffield “A” the capitalist had selected Atchison and Topeka, the proportionate profit is still more striking. From the 1st March, 1894, till the 13th this stock rose from $12\frac{7}{8}$ to $14\frac{1}{2}$, a profit of one pound twelve and sixpence on every twelve

pounds seventeen and sixpence laid out, over 12 per cent. profit in 13 days.

Why, in this case the investor would have made almost two and a-half years' interest on his money in less than a fortnight, and out of a stock that pays no interest at all! This is indeed earning one's own dividend.

The cautious reader may remark that he runs a risk. That Sheffield "A" or Atchison and Topeka might have gone down and he might have lost. Quite so! But by exercising a little judgment the chances are largely in favour of an increase, as against a decrease. Merely a little thought is necessary in selecting the stock, and discretion would have pointed to Sheffield "A" as a likely stock to deal in.

By even a casual study of the table of highest and lowest on page 209, it will be seen that this security was quoted at $53\frac{3}{4}$ in 1890, that the lowest price it touched was 20 in 1894. The price at which we suggested the purchase was 26, that is to say six points higher than the lowest, and $23\frac{3}{4}$ lower than the highest. It does not

require an accomplished mathematician to calculate that the odds were about four to one in favor of the purchaser.

Do not let it be supposed that we advise every capitalist who lives upon his dividends to risk and invest his all in non-dividend paying stocks. He must walk before he can run. Common prudence would suggest that provision must be made for absolute daily wants.

If a man has £5,000, paying him at most 5 per cent., he would be drawing an income of £250. Probably he would like more, and it is easily managed. Let £4,000 remain for the present where it is and pay him his £200 a year.

The other thousand can be well employed in earning his own dividend. With this he should purchase some low priced security and wait for a rise. It may come in a few days, it may take a month.

But with ordinary discretion and judicious selection of stocks, he ought to be able to make a five per cent. profit on his capital, four times in the year. In other words, he would make 20 per cent. per annum out of his one thousand

pounds, so that one fifth of his capital would produce him the same income as his remaining four-fifths.

His safe high-class interest paying investment would be one-fifth of the value of his investment in rubbishing stocks that pay nothing! But he would by a little care and intelligence be earning his own dividend, and a very substantial one too!

CHAPTER XVII.

NO PERMANENT INVESTMENTS.

So many capitalists pride themselves on the possession of what they call "permanent investments." They purchase Consols, or Indian Government Stocks, or Railway Debentures; they draw the dividends as they accrue, and think that having got outside the pale of speculation they have done something very clever indeed.

While not wishing in the least to detract from the value of these most excellent gilt-edged securities, we cannot admit to any wonderful admiration for the people who have found no better investment for their capital.

From the point of safe security, of course nothing could be better than the stocks, well known and justly well trusted, which we have indicated; but a stupid person can invest in them, in fact many stupid persons do, not

because they are afraid to venture their capital in better paying investments, but because they have no idea how to make the best income out of their money, and they are naturally timorous of trying.

We do not blame them for their want of knowledge, but we suggest that they might take the trouble to acquire some, and having got it without much difficulty, they could apply it to increasing their incomes.

Consols, Indian Government Stock, Railway Debentures and other high class stocks of the same calibre have their uses.

Persons in positions of trust, who have no personal interest in the dividends; minors under age, whose property must be controlled with the utmost jealousy; married women, whose husbands are not to be trusted with capital; these are the sort of people for whom the gilt-edged securities come as a boon and a blessing. The income derivable from them is secure if infinitesimal, and its amount is accurately ascertained from the moment of investment.

But for sensible persons of even the slightest business aptitude such forms of

investment should not for a moment be considered, as the instant that capital is embarked in them so much per annum income is wasted.

Legislation which provides for the protection of the property of minors, married women and lunatics, has settled that this class of security is proper for the investment of the funds belonging to those unable to guard their own interests.

This in itself, an ascertained fact, acted upon every day by the Chancery Division of the High Court, shows that people who are neither minors nor married women nor lunatics can do something better than tie up their capital in stocks which produce the minimum rates of interest.

When Lord Beaconsfield in one of his novels extolled "the sweet simplicity of the Three per Cents.," he might have gone further and allotted a modicum of criticism to the "sweet simplicity" of those who invest in the Three per Cents.

For they are simple indeed, since by the most ordinary exercise of intelligence they might get more, and after all interest for

money, in other words income, is what we strive for.

Since, however, the statesman novelist wrote "Sybil," the Three per Cents. have dwindled down and Consols do not return so much. In fact, it is a constant cry that money produces hardly any interest, but with this cry we have no sympathy, for nobody of sense is bound to accept absolutely gilt-edged securities such as the Chancery Courts select, and a little careful manipulation can always make capital return reasonable income.

It may be a sort of satisfaction to own Consols and such like; to possess money in the "funds," and leave it there to stagnate, yielding the smallest possible return.

But this is the satisfaction which sensible men could hardly share.

Yet many of them are proud of permanent investments. They do not speculate, they will tell you; what they have is secure, and the income it produces suffices for their wants.

No doubt this is an enviable position to be in, but it is rather stupid, for who on earth possessing sense wants to accept three for what they can get four? And this is the sum

total advantage accruing from permanent investments.

There really ought to be no such thing.

Naturally there are moments when the Money market is not in an inviting state, when stocks are too dear all round.

There are moments when a man receives or inherits a large sum of money for which he has no immediate use, and for which no desirable investment at once presents itself.

Rather than leave the money actually idle at one's bankers it may be advisable to buy Consols and wait until the turn in the financial tide invites profitable dealing. But normally there are opportunities for the purchase of this security or that, which, practically possessing all the attributes of the safest stocks, returns a much larger income. Even with these it is well to be active; they should be bought when cheap, not to sit upon permanently, but to sell when dear.

Now Consols, Government Stocks and Railway debentures do not fluctuate sufficiently to make them any use, except as income producers, and we have explained that in this capacity they are so small as to be hardly

worth holding. Other securities differ in this very substantial respect; that there always arrives a time when money can be made out of them.

The true secret is to buy them when their history shows that they are too low; in the ordinary course of things they must rise; then the prudent investor will sell, and with the money and with his profits he can buy something else that seems cheap.

A tradesman who gets the reputation for selling cheap, who is content with small profits, achieves his popularity and makes his fortune by constantly turning over his money. He buys a quantity of attractive wares, lets the public know he has them, and they walk in to secure their bargains. What is the result? This long-headed shopkeeper turns his money over, say once a month. If he only makes a profit of five per cent., this comes to sixty per cent. per annum. And what usurer asks for more?

Supposing, on the other hand, he buys a line of goods which he knows are very cheap, and which he will not sell except at what he considers their fair retail value? He may

be left with them on his hands for six months, and then if his view is proved correct, and he makes his 15 per cent. profit, he has not done so well as with the other lot.

And as with goods so with money; the great secret of stock dealing success is to turn the money over frequently. A little profit here and a little there mounts up at the end of the year, and shows a much better return by way of income than the frittering dividends paid for gilt-edged securities.

To allow money to lie fallow is the greatest mistake a capitalist can make; it shows his laziness when he boasts of his permanent investments, and his ignorance when he proclaims himself satisfied with Government income.

However, if an investor chooses to take advantage of the rules laid down for married women, children and lunatics he has only himself to blame when he sees his neighbours flourish and grow great while he stagnates beneath the restrictions of what are called trustees' securities.

CHAPTER XVIII.

SECOND-HAND SHARES.

If you fancy an investment see that you get it,

Quite so ; but that is no reason why you should buy it at a higher price than it is worth.

Yet, strangely enough, this is a point that generally seems to escape the consideration of applicants for shares in new companies, a point that if carefully investigated at the right time would lead to an immense saving of capital.

People get dazzled with the promises of prospectuses. New commercial enterprises are launched from time to time that certainly seem likely to do well. Old established businesses, whose names are household words, suddenly emerge in joint stock form, and it is no wonder that investors should wish to take advantage of the promised

profits in notoriously sound and wholesome concerns.

But what is remarkable is that they never pause to think whether they are paying too much for the desired privilege—they do not look round the market in similar shares and calculate whether they cannot find an analogous security at a lower price.

It is the feverish anxiety to be in first that assists to feather the nest of the promoter.

Shares are offered in the first instance at par, investors apply, get their allotment, and before a blow is struck to develop the property concerned, the price dwindles to a discount.

No matter how good the enterprise may seem, no matter how flattering the prospectus, there usually comes a moment of reaction and the share price is reduced. Had the investor waited for this he must have found himself in a superior position; he would at least have been able to buy for nine that which cost him ten, and this means that he could have bought ten shares for the price of nine, truly a substantial difference.

These remarks are prompted by our observation of the several firms or tradesmen

who have recently formed themselves into companies and offered to the public any advantage there may be in subscribing for shares.

We do not for a moment suggest that all or any of them are undesirable for investment. What we do most emphatically say is, that an undue hurry to apply for shares must be more beneficial to the promoters than to the investors.

Companies are like children; there are certain diseases of infancy that must be got over; or let us compare them with puppy dogs, "over the distemper preferred."

We prefer a company that has a history, that has seen the juvenile ups and downs inherent in all businesses—a company which has sobered down in its maturity and of whose prospects a sound opinion can be founded on facts rather than on roseate estimates.

Do not let it be understood that we disapprove of investments in what is termed the Miscellaneous market.

On the contrary, there are frequently very nice chances of money-making and dividend-

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earning in this department. What we want to impress upon our readers is that we can show them the best chances, whereas, when left to their own devices they too frequently take the worst.

And we are of opinion that, as a general rule, those investors who apply for shares at par directly a promising new company is advertised put themselves in an unenviable position, for it stands to reason that what is so freely offered may not be worth accepting.

In these days of joint stock enterprise there are so many opportunities of investing in almost every class of trade that capitalists can afford to take their time and look about them for the cheapest securities. Supposing, for instance, one's taste and judgment lead to a desire to participate in a drapery concern. Several have been floated lately and to an extent subscribed for. Well, why should we rush in to take shares at the issue price in any particular company?

The prudent person would look round the market; he would say, for instance, "I would like to invest in 'D. H. Evans & Co., Limited,' but before doing so I will enquire

Well

whether there are not other shares in a drapery business or in Stores that have realised their prospects or that are at a discount."

If he did not want to take much trouble he might communicate with W. W. DUNCAN & Co., and ask for a list of shares in similar concerns. We should be happy to send one along, and show which companies had overcome their infantile troubles, on which a definite opinion could be formed and which looked cheap.

It may be taken for granted that the shares in a new company offered to the public are never particularly cheap in the first instance, no matter how good the speculation or investment may eventually turn out.

On the other hand, shares in tried and established companies may often be picked up at less than their value.

At least investors can form a sound judgment as to the future by investigating the past; and it goes without saying that a new company which has no past must be relegated to the category of speculation—usually speculation at the worst—for the price

of the shares is fixed, and has been carefully considered by vendors and promoters, whose business it is to charge the public just as much as it will pay.

Second-hand shares are, as a rule, better worth buying and better worth dealing in than those only just issued. There is a market in them ; they have found their level ; if they are at a discount, and the business they refer to is progressing favourably, the investor who comes in second-hand is certainly better off than the one who in his hurry to acquire them paid full price. If they be at a premium, it is fair to presume that the dividend and prospects warrant the price ; so the purchaser can know what he is paying for.

It is to our advantage to encourage our customers to buy shares, but we cannot see any particular object in their being over anxious to buy shares in new companies. The supply of old ones is by no means exhausted, and much better value is to be obtained in the second-hand market than by the more fashionable manner of becoming original shareholders.

We will assist our customers to obtain a gratification of any desire to join in this business or in that; to become shareholders in Breweries, or in Draperies, or in Stores, or in anything else they fancy; but we urge them strongly to apply to us for advice before embarking their capital, and we will show them which particular company in the line they like offers the best chances and are the cheapest at their respective current prices.

CHAPTER XIX.

FLUCTUATIONS IN PRICES.

THE prices of stock vary. Now, here is an observation that would seem to be hardly worth while making, since it is evident that, out of the fluctuations in prices, money is made or lost upon the Stock Exchange. Yet it would appear absolutely necessary for us to call attention to the apparently obvious fact and to emphasize it upon the minds of our customers.

Our Market Report is issued at the end of each week. At the back of the report will be found a Table of Prices, showing the current value of the principal stocks up to the time we go to press. Some hours must necessarily elapse before this, our Official List, reaches the hands of the public; and in the meanwhile there must be dealings in stocks. Highly as we might approve of such a plan it is clear that the Stock Exchange will not

suspend operations for our convenience, and so our quotations must be accepted as recording the prices up to the time when the report leaves our offices.

Why we find it incumbent upon us to impress this upon the public is that would-be purchasers or vendors send us orders from time to time that it is impossible to execute. They read our articles, study our table of quotations, take a day or two to consider what they will do, and then send on an order to buy or sell at a price that exists no more!

Other people have also read our report, and have acted more promptly, but whether they had done so or not we could not guarantee that Tuesday's price is the same as that quoted on the previous Thursday; in fact, we would much more conscientiously guarantee the other way; for as long as there is business there must be fluctuation. And a good job, too, since it is upon the rise or fall that our customers depend for their profits.

By sending orders with fractional limitations as to price investors frequently miss

their best chance. Either a stock is worth buying or selling; it should go up or go down. If the question of an eighth or a quarter per cent. weighs down the opinion of the investor, then it is clear that he has selected a stock hardly worth dealing in. And by such finicking instructions he wastes our time and his own.

A dealer who transacts business on our conditions is practically a machine; we must obey orders to the letter, and not exercise any discretion at all.

If a customer writes "Buy 500 Erie Ordinary Shares at $17\frac{1}{2}$ " that is a definite mandate. The dealer must not reply "I have sold you 500 Erie Ordinary Shares at $17\frac{5}{8}$ or $17\frac{3}{4}$," though this may be the market price when the order is received.

Should we take upon ourselves to do this it would be at our own peril; the purchaser could repudiate the bargain. He told us he wanted to buy at $17\frac{1}{2}$, and we did not comply with the order! So time would be wasted and unpleasantness occur.

Of course in such a case as that put we could write asking for further instructions,

but before the answer could arrive a still further fluctuation might have occurred in the stock. This is how the course of business gets arrested and fair bargains frequently missed.

To limit a dealer as to price is the most foolish procedure possible.

As a rule the question only turns upon a fraction, which hardly influences the operation either way. And in stock dealing, a dealer, even if he desired to take advantage of his customer, is not in a position to do so. We could not charge a fancy price; there is no such thing as a fancy price for stocks. Whatever is the market price at the time we receive the order, we are bound to deal at, if the bargain be accepted by us. If a customer should feel aggrieved and think he has been charged too much, he can by the most simple method of enquiry discover that he is wrong; if he found he was right he could insist on an immediate reduction to the proper figures.

Beyond this, *Duncans absolutely guarantee that the price they charge shall always be correct.*

A customer can always check us if he deals in the stocks quoted upon the Exchange

Telegraph Company's tape. This is afterwards reprinted in the special edition of the *Evening Standard*, together with the precise time that the fluctuations, if any, have taken place, so that anyone who desires to deal can do so in perfect confidence that his stock has been bought or sold at the ruling price at the hour his order reached us.

There may be unscrupulous dealers who would charge their customers the highest price of the day, but with such persons we have no concern.

It is evident that if an investor found himself charged the highest price on two or three occasions, he would justly become suspicious, and would cease his transactions with the dealer who treated him in such a manner. In a quickly moving stock a dealer can cheat his client out of, say, £2 10s. to £5 in £1,000, but a trick of this sort is so easily discovered that it would not be worth the risk. It is simple to find out if you are being fairly dealt with, and if you are not, to shift your patronage to some other and more righteous dealer.

We cordially invite the strictest investigation into any transaction we do. We guarantee to deal at the exact market price, no more, no less, and we are happy to say that our customers for the most part thereof, instruct us to buy this stock or that, leaving the price, not to our discretion, but to the official quotation.

Investors who desire to deal, but who have not previously dealt with us, will do well to follow this example, to tell us what they wish to do without any restriction, and they cannot fail to find themselves fairly treated, for in the first place it is our earnest desire to make friends, and in the second place it is out of our power to cheat them, even if we wanted to.

CHAPTER XX.

NO HAGGLING.

ONE great advantage that presents itself in dealing on the Stock Exchange above dealing in any other market is that the prices paid for stocks and shares are definitely ascertained. There can be no bargaining between a customer and a respectable jobber. Each stock has its two prices at every hour of the day, a buying price and a selling price. And yet occasionally people unversed in business try to beat down a vendor or squeeze a little extra out of a purchaser.

A waste of time, purely.

The plain fact is that men of commercial instincts who are used to dealing in some commodity or other apparently labour under the impression that they can do the same with stocks largely dealt in.

No doubt in dealing in ordinary articles of merchandise, where buyer and seller meet together to try and beat each other down,

some sort of success may reward their efforts. For rather than miss a deal a seller will often accept the lowest margin of profit, and sometimes a purchaser having a special market for certain goods will give a larger price than he would normally.

But all this trouble is wasted when they come to deal in stocks of magnitude.

These have a certain definite quotation from time to time, and no amount of acumen or finesse will make a man give more than the official price or sell at less. Both vendor and purchaser are on equal terms, inasmuch as every hour, almost every minute, prices are quoted for dealers in either direction.

Every stock is quoted at two prices; one at which a purchaser can buy if he pleases, the other at which a vendor can sell. The difference between the two prices—generally merely fractional—is jobber's profit.

Now this is so simple that it seems absurd for any mistake to be made or for any misapprehension to exist. Yet our correspondence shows that the fact is hardly understood. So many of our correspondents are ignorant, or pretend to be ignorant, that their letters

occasionally border on the humorous. An attempt is made to reverse the ordinary course of proceeding; to offer the loss of margin to the jobber and to gain it for the would-be investor.

If we carried on our business from a purely philanthropic point of view we might be accommodating; but strange as it may appear, we keep open our office and pay our clerks and assistants with a sordid desire to make money. Goodness knows the margin between buying and selling prices is small enough; anyhow, we mean to have it, and not to allow our customers, however greatly we respect them, to divide it amongst themselves.

We will deal at either of two prices; both are quoted on the tape; both are published in the papers. We will buy at the lower price or sell at the higher.

And we claim that our business is more straightforward than that of any class of merchants or tradesmen. In dealing with them the consumer does not know the profit the dealer makes; with us he knows exactly, for the registered quotations tell him.

Supposing, for instance, a customer wishes to deal in London and Chatham Ordinary stock. The quoted price may be $15\frac{3}{4}$ —16. This means that if a person wishes to buy, he must pay 16; if he wish to sell he must accept $15\frac{3}{4}$. The difference between the two prices is the profit which the dealer or jobber makes on the transaction.

Naturally enough if a person wants to buy he would prefer paying the lower figure; if to sell he would prefer the higher. But his desire in this regard cannot possibly be gratified, and the sooner this is understood once and for all the better for all parties interested in stock and share dealings.

It is easy to sympathise with the shrewd man of business, who, accustomed to get the better of most bargains he makes, would like to carry his close-fisted habits into the Stock Exchange. Unfortunately they are wasted there. He would, of course, like to get 16 for his London and Chatham Ordinary, and to buy them for $15\frac{3}{4}$; but it is so clear that this cannot be, for if investors could come and deal *against* the jobbers, there would soon be no Stock Exchange and no markets.

Buy as cheaply as you can certainly; but do not attempt to buy below the market price, or you will make yourself ridiculous, and never carry out a deal with honest people able to fulfil their obligations.

A simple arithmetical sum will show the absurdity of the attempt.

Take ourselves, for instance, we are jobbers or dealers, we will buy or sell any description of stocks or shares. Naturally we do so for profit. If we bought 1,000 London and Chathams at 16 and sold them at $15\frac{3}{4}$, we should lose £2 10s. on the transaction, and this in addition to our office expenses, &c. If on the contrary we bought at $15\frac{3}{4}$ and sold at 16, we should make £2 10s., out of which our expenses are paid.

Customers, or intending customers, must please consider this fundamental principle of stock dealing, and then we shall not have to answer so many letters that really ought never to have been written.

CHAPTER XXI.

MORAL FROM A BABY PANIC, OCTOBER, 1894.

IT is extraordinary how attractive to the public an announcement of "panic on the Stock Exchange" is. There seems to be a sort of general idea that a panic is something decorative and amusing, something between a riot and the Lord Mayor's show.

Certainly Throgmorton Street was full of spectators, newspaper reporters rushed wildly around, anxious operators whispered together in corners, and investors consulted earnestly with brokers, who, under the unusual demand upon their brain-powers, pushed their hats on the back of their heads and looked wiser than roosting owls.

Yet we only had a baby panic after all. And it amused us considerably. For in the first place such a *bouleversement* does not affect us or our customers, and in the second there was hardly any justification for the scare.

Of course there was bound to be a foundation, such as it was. The foundation selected was that a Cabinet Council had been suddenly summoned to consider how the interests of British inhabitants in China could be protected.

A very proper subject indeed to occupy the attention of Her Majesty's Ministers. But perhaps some one will inform us what the position of British subjects resident in China has to do with the South Eastern Railway? Yet it was the Deferred Stock of this which suffered most materially during the tiny panic of October, 1894.

People who want to go to China, or people who are coming back from China, would probably travel a few miles on the South Eastern Railway, therefore the stock, if affected at all, ought to incline upwards, not downwards.

Why, then, is it that such rumours as were rife should send down stocks like Great Northern A, South Eastern, South Western, Lancashire and Yorkshire, and Great Eastern?

The Emperor of China and all his mandarins with their yellow waistcoats and peacocks' feathers have surely no effect, directly or indirectly, upon such properties. There is no connection between the one subject and the other.

The explanation is simpler than it would seem.

Any sudden turn in public events can be utilised to affect the Money Market, always sensitive and impressionable.

Certain shrewd investors knowing that particular stocks are good for a substantial rise want to acquire them as cheaply as possible. They take advantage of a momentary scare, loudly proclaim that things are going to the devil, and solemnly declare that there is no knowing where the panic may end. And this before the so-called panic has really commenced !

Timid holders of stocks and weak speculators get frightened. They do not pause to consider the position for themselves, but rush in to sell at whatever price they are offered. They turn their investments into money, and leave the clever people chuckling

at the success of their scheme and in possession of good stocks acquired at panic prices.

It is extraordinary how a feeling of uneasiness spreads without adequate cause.

The near approach of a settlement day is used as a lever to force sales.

Brokers get afraid that their clients may let them in for differences, so they despatch alarming telegrams announcing the panic, stating that stocks will carry over at dreadfully low prices, suggesting that there may be difficulties in continuing, and that the differences may be much larger if accounts are not immediately closed.

Naturally investors are terrified and fall into the traps ; and the general desire to sell forces stocks down to low prices.

At anxious moments like these we may justly claim to be proud of our system of doing business. While there is excitement all round us, while troubles seem to be imminent, our customers and ourselves are as calm and contented as if things were in their normal state of smoothness.

A temporary panic has no effect upon our business, and it does not endanger the accounts of our customers. We do not rush about with alarming telegrams, and urge those who confide in us to sacrifice their holdings. There is no occasion to do so.

The customers of other firms may be panic-stricken ; they are prepared to sacrifice something for fear of losing all. DUNCANS' customers are not flurried or excited or even anxious. And for this simple reason—they have time to look about them, and are offered opportunities of taking advantage of a scare instead of allowing the scare to take advantage of them.

Other firms expect their customers to settle on the next Stock Exchange settling day.

Now, should there be any hitch in the Money Market, should money be tight, or a general feeling of uneasiness prevail, ordinary jobbers might refuse to carry over stocks. Investors and speculators would then have to find large sums of money to protect their bargains. This they might be unable to do at a moment's notice, and a pretty muddle

would ensue to the detriment of the stock, and may be to the ruin of many a solvent person.

The knowledge that a panic may force such a position influences an excited operator to act against his own interests, and encourages the wire-puller to frighten holders into parting with their stocks at whatever prices may be offered.

Nothing of this sort can take place according to our system of doing business.

There is no feeling of insecurity, no forcing the hands of holders of stocks; affairs with us and our customers work smoothly, even in tempestuous times, because we do not settle and carry over at an early date.

There is no racing to obtain a result within a few days. We settle every three months, not every fortnight.

Panics, such as occurred in October, 1894, are one-day flies; they come, do their mischief, disappear, and are forgotten, and things gradually assume their pristine quietness.

People who are not forced out on account of frequent settling days do not suffer in the least from a two-day scare on the Stock Ex-

change. They wait until it has passed, and our customers have been altogether untouched by the recent depression,

The quotations on the back page of our Market Report show how every stock fluctuates between a highest and lowest price. Investors who buy for a fortnightly settlement may be caught, and be bound to sell at the lowest, especially in panic times. Those who deal on the three-monthly system can snap their fingers at a momentary scare.

What occurred in October, 1894, was that stocks fell. Almost immediately they rose again. Here is a table giving instances of fall and recovery :

Name of Stock.	Price before Panic.	Fell during Panic to	Recovered after Panic to
Brighton A's ..	156½	154½	156½
Egyptian Unified ..	104½	101¾	103¾
Great Northern "A" ..	62½	59	62
Great Western ..	166¾	164½	166¾
Lancashire & Yorks. ..	115	112	114½
North Eastern ..	163¾	161⅞	163⅞
Dover "A" ..	84½	80¾	83¾
Peruvian Debentures ..	49⅞	46¾	48¾
Mexican Second Pref. ..	39	35	39

From this it can be clearly seen that our customers' tranquillity was justified.

The hungry inside clique who wanted to buy cheap got no slices off the loaves of our customers. And why? We answer unhesitatingly, because our three-monthly system affords an insurance against panics, and we think we may fairly be permitted to point with pride to the success of our business arrangements, and to congratulate those who deal with us on their safe delivery from the dangers of the little panic of October, 1894.

PART IV.
A SUMMARY:

CHAPTER XXII.

THE CLEVER INVESTOR.

FROM the theories promulgated, verified by the examples given, it will be evident to those who have read the foregoing pages that the rules by which capitalists, large or small, should be guided are simple and easy to be learnt.

Investors must know what they possess and what they want.

They are in danger if they think they have investments when in reality they hold speculative investments, or worse still, speculations.

Almost any desired result can be arrived at. A large rate of interest can be practically assured if the capitalist chooses to study the subject of investment and put out his money as the index of history points. He will not succeed by holding investments which pay a

large rate of interest, but where the capital is in jeopardy; nor by applying for shares in new companies on the strength of roseate promises of directors, which are rarely fulfilled.

The key which unlocks the golden casket will be found by distributing capital in a scientific manner over various investments. How this is to be done we have already shown, but we now propose to summarise and explain tersely and concisely the best method a person with money can adopt to increase his capital and his income and to protect both.

CHAPTER XXIII.

IDEAL MANAGEMENT OF CAPITAL.

To put all your eggs in one basket is traditionally foolhardy. Distribute them amongst as many as you can conveniently carry, and take care, if you can, that each of them is secure.

If an investor wants absolute safety he must be satisfied with, say, 3 per cent. for his money. He can buy trust investments only; he may consider himself clever and prudent, but he will be sacrificing half the income his capital might bring.

If he wants to be a gambler instead of an investor, and desires to make a fortune in a few months, let him rush wildly into speculation. He *may* succeed; but with inexperience it is long odds on his losing whatever he possesses.

These are the two extremes. To investors who adopt either course we admit this book and what we have written are of no use.

Capital requires management. The greatest income with the smallest risk is what all ought to try for. Here, then, is how to obtain this desirable consummation :

Divide your capital into four equal parts, and invest each part in a different quality of security.

Supposing the fund to be dealt with be £20,000.

Let £5,000 be put into some absolutely safe and permanent security, which need not be easily negotiable, for instance, mortgages, or freehold houses, or land which pays, or in any first-class stock to return about 3 per cent. per annum. Such an investment can always be found. This £5,000 should be considered as "locked up" capital, and ought not to be disturbed on any account whatever.

Another part, £5,000, should be invested in Consols, Railway Debentures, or any other class of trust security which will return about 3 per cent. and which is immediately at any time convertible into cash. This fund is the "Reserve or Contingent Liability Capital," available in case of panics or unforeseen troubles which might crop up.

The third £5,000 should be employed in permanent speculation, that is to say, in the purchase of stocks which should increase in capital value and thereby return a large rate of interest like the example of Turks, which we have given on page 21. This subject is also more fully thrashed out in an article on page 122, entitled "How to earn your own dividend." It is imperative that when dealing with this third portion of the fund no shares in new companies should be applied for. We have shown that these are not permanent speculations but temporary speculations of the most alluring and dangerous character.

With the fourth part of the fund, the remaining £5,000, temporary speculation should be indulged in. In Chapter VII. we have demonstrated that capital can be judiciously employed to much greater advantage in this than by any other means. Statistics of transactions on the Stock Exchange show that nineteen-twentieths of all business is done in temporary speculation, and this shows that the large majority of those who deal, and presumably find dealing profitable, prefer the temporary speculative

method. It must be done with judgment, and our chapter on the subject will teach how such judgment is to be acquired and exercised.

Now let us consider the advantages of the proposed system of dividing capital into four different qualities of investments.

In the first place, the investor can never be "broke." One half of his capital is absolutely safe; whilst the other half is very nearly safe, because being used in so many different channels it is hardly likely that they will all fail. Where one is disappointing the profit on the others will compensate for it. And, besides, with the half of capital invested on sound securities, there is a permanent protection against being cornered or driven to sacrifice the investments representing the other half, if markets should be affected by a panic, or other unforeseen event (see article, "Moral from a Baby Panic," page 155).

It will also be found that the dividend which the whole fund returns will be considerable. Some of it will pay only a small rate, but the remainder may pay a very big rate indeed, and the average, with common caution and prudence, will surely be high.

An investor who adopts this true system of prudent investment will find that he is acting upon the same lines as banks and sound commercial houses, whose business is primarily finance.

In our experience we come across thousands of investors who apply for shares in new companies, who speculate with their whole capital, and are guilty of other follies, with the idea of getting the biggest rate of interest for all their money.

They invariably fail.

It is the system of averaging which succeeds and is likely to prosper.

We have given our example as though a fund of £20,000 were available. But the principle we promulgate is the same, no matter how much or how little is to be invested. To follow the system a capitalist need only master what we have written above, together with a few technicalities of the Stock Exchange, all of which are described fully in this book.

Dealings must be conducted economically; money must not be wasted in unnecessary fees or brokerages.

Though these may appear at first glance to be merely fractional and unimportant, they actually make a most serious onslaught into profits and reduce the average rate of interest that capital is making.

All this we have shown by figures and comment, but we make no excuse for impressing on investors the fact that the cheapest and most satisfactory method of dealing is with a substantial and honourable jobber on the three-monthly system of settling accounts.

CHAPTER XXIV

A GOOD JOBBER.

BE careful at the outset and prevent ultimate disappointment.

In order to deal with confidence, and in the assurance that he will receive the full benefit of his judgment and his capital, an investor must be very careful in the selection of the jobber with whom he does his business.

He must not deal with mushroom firms only lately established.

He should deal only with those whose standing is recognised, and whose experience is evidenced by the fact that they have conducted their business for a considerable period.

An investor should make the most searching enquiries concerning the stability and honesty of the jobber he proposes to deal with. He should ask for a banker's or solicitor's reference before he opens his account, and

also satisfy himself from all sources at command that the jobber is in a position to carry out any bargains he may make.

We do not wish to unduly blow our own trumpet, but with all modesty we call attention to the following facts :

We are the authors of this book ; and in it we claim, not only to have explained all the mysteries of Stocks and Shares, but to have pointed out where the pitfalls of investors lie. It cannot be said that we have concealed anything, for we have shown investors how to check their accounts and how to protect themselves against the attempts of unscrupulous brokers and dealers to get the better of them. Our motives, we admit, have been to demonstrate the difference between dealing with the ordinary broker and with ourselves. Those who have tried both will appreciate our methods, and hundreds of old and valued customers will testify to our advantage.

That we have been established since 1867, and for the past 15 years traded in the same building, is some sort of guarantee as to our stability. Every week we publish and issue

a MARKET REPORT, with the names of our Bankers on it, and we desire that they shall be referred to by those who intend to do business with us.

In addition, we are prepared to disclose the name and standing of the proprietor of the firm, and the name of his private bankers to those who apply to us *bona fide* with a view of becoming large customers.

Our terms of business are perfectly clear. We leave nothing to chance, no loophole for any misunderstanding between our customers and ourselves. Every one who honours us with custom will be deemed to do so according to the following terms and rules :

- 1.—The Firm acts as Principal or Jobber in all transactions. It buys from or sells to its customers direct ; and does not act as Broker or Agent, and no commission, brokerage or fees are charged. All orders received by the Firm will, if accepted, be carried out (except in the case of limits) at the quotation appearing on the tape of the Exchange Telegraph Co., at the time of receipt of the order.
- 2.—Instructions, given to the Firm, should be in writing, and free from ambiguity. Written contracts will be issued in respect of every transaction, and complete statements of accounts will, when practicable, be rendered prior to settling days. These contracts and accounts will be delivered to customers at the office of the Firm, or transmitted by post at the customer's option, but the Firm is not to be responsible for any delay in delivery or posting of any contracts or accounts.

- 3.—Every purchase or sale contracted by the Firm is for completion on a specified settling day. The Firm is always prepared to deliver or take delivery of any stock it may at any time have bought or sold, and any customer wishing to postpone completion of a purchase or sale (carry over) must, 7 days prior to settling day, make arrangements, satisfactory to the Firm, for such postponement of completion.
- 4.—On all sales to customers the Firm charges such rate of interest (contango) as may be current, or if so agreed upon at the outset, a fixed rate of 4 per cent. per annum on the purchase-money from the date of purchase until completion. The buyer to receive from the seller all dividends falling due from the date of purchase until completion. All expenses incidental to the transfer of stock to be paid by the buyer.
- 5.—The completion of all purchases and sales shall take place at the offices of the Firm, or such other place as the Firm may appoint, at or before noon on the day specified in the contract. All customers shall, not less than seven days prior to the settling day, give to the Firm notice in writing stating what quantity of stocks they wish to deliver or take up, as also all information necessary for such completion, and they shall (if required by the Firm to do so) at the same time give a Banker's or other guarantee approved of by the Firm that the purchase-money will be paid or the stock duly delivered on the settling day.
- 6.—Should the Firm at any time be of opinion that any customer is or may be unable to fulfil any contract entered into by him, the Firm shall have the right to call upon such customer to deposit cash security for the due performance of all contracts then existing between them, and in the event of the customer not providing the Firm with the security so asked for within 3 days from the date of application, the Firm shall have the right to close such contracts at the then ruling tape prices.
- 7.—The Firm shall have a lien until the account is closed and properly settled upon all stocks, shares, monies or securities in its possession belonging to customers, for the due per-

formance of any contract or engagement which they may have entered into, and should any customer fail to fulfil any such contract or engagement the Firm shall have the right to forthwith buy back from or re-sell to such customer at the then ruling tape price any stock undelivered or unpaid for, and appropriate any monies, stocks, shares or securities in its possession, or such part thereof as may be necessary for the liquidation of the account without prejudice to its right to recover from the customer in default any balance which may still remain due to the Firm after such realisation.

- 8.—Any suggestions or advice given by the Firm are to be accepted by customers on their own responsibility, and the Firm will not be liable in any way for such advice or suggestions or for any result that may occur in consequence thereof. Attention is particularly called to this as, the Firm acts as Principal, not Agent or Broker, and is therefore an interested party.
- 9.—It is agreed between the Firm and its customers that any dispute arising between them shall be referred to two arbitrators, one to be appointed by each party or their umpire, in accordance with the provisions contained in the "Common Law Procedure Act, 1854," and the decisions of the arbitrators or their umpire, under such provisions appointed, shall be final, and this agreement may be made a rule of the High Court of Justice.

Now of course these foregoing rules have been framed as the result of our experience and to meet the views of those who have dealt with us.

But the circumstances of certain investors might incline them to deal upon somewhat different plans. Very well; let them deal on the rules of the London Stock Exchange and we shall try to accommodate them.

We do not charge any commission ; we are jobbers or principals and deal direct with our customers.

Always anxious to do business and to assist our customers, we are prepared to give at all times any information we may be in a position to impart. We will answer letters when we deem it necessary, and we publish every week a MARKET REPORT explaining that which has occurred and predicting that which we have reason to believe may occur.

From the MARKET REPORT, which we send gratuitously, we have reprinted in this book many valuable articles which have appeared from time to time.

Our Investment Register is also maintained for the information of our customers, and for the furtherance of business. The following chapter has been devoted to explaining this system, and the boon it confers upon investors whose names are inscribed on it.

CHAPTER XXV.

AN INVESTMENT REGISTER.

THERE are moments when Stocks and Shares rise rapidly ; at other times they fall with great celerity. Out of fluctuations money is made, and those who are holders of the securities with which the markets are playing battledore and shuttlecock are in the best position to deal profitably.

To be well informed as to the causes of a rise or fall is a safeguard for an investor.

Sometimes unfounded rumours cause a stock to decline ; sometimes the impending issue of a satisfactory report causes stocks to rise. People who know what is going on can take advantage of their information and their holdings, and secure profits with hardly any risk or trouble.

Investors should sell when the markets are good and buy back when they are depressed, and this they can do without parting with their holdings.

Supposing there is a boom in a certain

stock; it rises three or four points. A holder having satisfied himself that nothing substantial has occurred to increase the intrinsic value of the stock, takes advantage of the temporary craze and sells what he has. He does not deliver it but holds on until the excitement has subsided and the stock has dropped to its normal price, then he quickly buys back and remains in the position he was, plus the profit of three or four points.

Or, having heard before the general public that a forthcoming report will not be satisfactory and that the stock will go down he can sell his holding; presently the news is known everywhere, and, as anticipated, the decline comes. He can then, if he still fancies the investment, repurchase at the decreased price, and so make a profit although his holdings have shrunk in value.

There is, in fact, no limit to the various turns which can be made by those who hold stocks and shares, who are well-informed from time to time as their probable fluctuations, and who have the sense and energy to reasonably utilise their knowledge.

The staring question is how are they to know in advance what is going to happen.

To a great extent we have solved the difficulty.

We do not profess infallibility, or to be able to tell always at any moment what is going to occur in any stock. But it stands to reason that large dealers like ourselves, moving about every day in financial circles, connected with officials of various enterprises and having correspondents all over the investing world, must be able to acquire information which the individual investor does not receive so soon, if at all.

To place such information at the disposal of customers is to benefit them and increase our business.

With these objects in view we invented
OUR INVESTMENT REGISTER.

This is a list kept on a system of double entry, wherein we register in the first place the names of our customers and a description of all the stocks or shares each one holds together with the date of purchase and the price paid. On the other side we write

down the description of every stock and a list of our customers who are holders of it.

Now see the advantage of this. Directly we hear a rumour on which we can rely concerning any particular stock we turn to our register. At a glance we can see who holds any, in other words whose property will be affected by any movement in such stock. Then we communicate with him stating what we have heard and what in our opinion will be the ultimate outcome.

Of course a holder need not coincide with our views. He is under no compulsion to sell because we think he will be able to repurchase at a profit, nor need he buy if we have grounds for anticipating a rise. But at least he is in a better position than his neighbours who do not hear what is going on until it is too late to take full advantage of the movement.

The record which we keep is private and confidential as between ourselves and every individual customer whose name is inscribed. No one will have access to it or know its contents, and we shall use it only when we consider we have information beneficial to

the holders of this or that stock. In short we will watch our clients' investments for them, and place at their disposal anything we know concerning them.

All we ask is that investors shall send in their names and we will forward them a form as follows. This specimen we have filled in as a model.

JOHN SMITH,

727, Belgrave Mansions, Victoria Street, S.W.

The following is a list of my present holdings, which I wish you to file. I shall be glad of any information concerning the securities which you may communicate from time to time.

Name of Stock.	No. of Shares.	Pref. or Ord.	Price Paid.	Remarks.
Great Eastern Railway	£800	Ord.	93	{ Bought in three lots.
Mexican Railway ..	£1,100	Ord.	12	
Pennsylvania	50	Ord.	50½	
Russian 4 %	£2,000	—	93½	
United States Brewery	150	Pref.	10½	{ Held as Director's qualification.
San Francisco Brewery	50	Ord.	6½	
Gen. Hydraulic Power..	30	Ord.	8½	

It is obvious that the larger the number of shareholders on our register, the more powerful

we become, so we cordially invite everybody to immediately send us their list of investments, and participate in the advantages to be derived from this sound and solid scheme.

We make no charge whatever for registration. Investors need not follow our suggestions unless they feel inclined to do so, and all we ask as a recompense for our time, trouble and expense is that if they do or do not follow our advice they will in any case give their business to DUNCANS.

APPENDIX.

A B C TO THE STOCK EXCHANGE.

ACCOUNT.—The name given to the period, usually 14 to 19 days, during which Stocks are bought and sold for delivery on a specific day. This day is called Settling Day, and is fixed by the Stock Exchange Committee.

ACCOUNT DAYS.—The three days occupied by jobbers and brokers in settling their transactions made during the account. (*See Carrying-over, Ticket, and Pay Day*).

ALLOTMENT.—When on the formation of a Company the time for receiving applications for shares has expired, the directors proceed to apportion the shares amongst the applicants. This is technically known as “going to allotment.”

ALLOTTEE.—The person who originally applied and took up shares at the time of the launching of the company.

ARBITRAGE.—The operation whereby securities are bought in one country and instantly sold in another. For instance, Suez Canal Shares bought in London and sold in Paris. The difference in price which may at any

time exist in different countries for the same security constitutes the profit of the "Arbitrage dealer."

ACCOUNTANT—As applied to companies the name is synonymous with that of auditor.

ARTICLES OF ASSOCIATION.—Rules and conditions regulating the position of shareholders in a company among themselves, the mode of management and the powers of the directors.

AUDITOR.—The person appointed to examine the books, and certify the accounts of a company.

AUDITOR'S CERTIFICATE.—A document signed by an auditor stating that after independent examination he has found the accounts or statements referred to therein, to be correct.

AVERAGING HOLDINGS.—To average, is to secure additional stock at a lower price than that originally paid, for the purpose of reducing the total purchase price on the average.

EXAMPLE OF AVERAGING.

A man buys £1,000 Chatham Ordinary at 20. The price falls to 15 at which he buys a second £1,000, reducing the price of the total to 17½, thus:—

$$\begin{array}{rcl} \text{£1,000 at } 20 & = & \text{£200} \\ \text{£1,000 at } 15 & = & \text{£150} \\ \hline & & \text{£350} \end{array}$$

OR

$$\text{£2,000 at } 17\frac{1}{2} = \text{£350}$$

The price rises and he sells the whole £2,000 at 18, making a profit of £10 on the transaction, whereas the price is actually 2 per cent. below his original purchase price.

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BACKWARDATION.—The consideration money paid to purchasers of stock by sellers for the loan of their stock, otherwise for deferring delivery.

“BANGING THE MARKET.”—Is the opposite of “Rigging,” and is effected by selling right and left any particular stock with the object of causing the price to fall, and so being able to buy back at a lower figure.

BEAR.—A speculator who sells stock which he has not got with the idea of being able to purchase it at a cheaper price later on.

BOARD.—The Chairman, Directors and Secretary of a company.

BOARD MEETING.—Is a collective meeting of the directors of a company, called for purpose of transacting business.

BOND.—A document of title to possession; as applied to stocks the word has the same meaning as “Debenture.”

BOND TO BEARER.—A document of title to possession, which can be transferred from seller to buyer by simply handing from one to another, without the necessity of any formal transfer.

BONUS ON SHARES.—When any amount, other than dividends, has been paid or credited to a holder in respect of his shares it is known as a “bonus.”

BOURSE.—The Continental name for Stock Exchange.

BROKER.—An agent who buys and sells on behalf of another person, charging a commission for doing so.

BROKERAGE.—*See Commission.*

BULL.—A person who buys Stock in the hope of the price going higher.

BUYING IN.—Should a seller fail to deliver the Securities he has sold, the purchaser may purchase same from another quarter and charge the first seller with whatever loss may have been incurred by so doing.

CALL ON SHARES.—A demand made by the Directors of a Company requiring payment of the whole or any part of the balance of uncalled capital still due on Shares.

CARRYING OVER OR CONTINUATION is the deferring of the completion of a bargain until the following account. (*See Account Days.*)

CARRYING OVER DAY is the day on which agreements for postponing delivery of bargains entered into during the account are made.

CHAIRMAN.—A person upon whom devolves the duty of controlling a Meeting of Directors or Shareholders.

COMING OUT.—Purchases and sales of any Stock made previous to the issue of same are

understood to be dealt in for the "coming out." Should the issue fall through these bargains are null and void.

COMMISSION.—The sum charged by a Broker for buying and selling Stock on behalf of his clients.

COMPULSORY LIQUIDATION.—Should a Company get into difficulties and not be able to pay its way, its assets may be seized by an order of the Court, realised, and the proceeds divided among its creditors proportionally to their respective claims. The balance, if any, goes to shareholders. The Company is then in "Compulsory Liquidation."

CONSIDERATION MONEY.—The sum inserted in the deed of transfer as being the amount paid by the purchaser to the seller for the shares transferred. The amount need not necessarily agree with what the parties named have actually received and paid.

CONSOLIDATED STOCK.—A number of stocks amalgamated and formed into one, and bearing a common name.

CONSOLS.—The National Debt of the British nation.

CONTANGO RATE.—The consideration paid by a buyer for the privilege of deferring delivery to him of stocks purchased, from one account to another.

CONTINUATION.—See "*Carrying Over.*"

CORNER.—When all the available stock of any Company has been bought up for the purpose of upsetting the natural course of supply and demand, and thereby forcing up the price, the action of the operators is known as a "corner."

CORPORATION STOCK.—A loan raised by virtue of Act of Parliament, and secured upon the rates and taxes of a city or town.

COSTBOOK MINES.—Situated in Cornwall and run on peculiar limited liability lines. A shareholder in same can sever his connection with that company at any time by intimating his intention to do so to the manager, and receiving whatever proportion of realisable assets may be due to him, or paying his proportion of liabilities already incurred. He is not responsible for any debts which may be contracted by the Company after the date of his retirement.

COUPONS.—Vouchers for the interest payable on bonds. These are usually attached to the bonds and can be cut off and used as cheques for getting payment of the interest.

COVER.—Is the sum deposited by a speculator as a security for the proper fulfilment of his bargains.

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CUM DIVIDEND.—When a dividend has been declared on any stock, the buyer is entitled to same until the stock is quoted “ex div.” (*See Ex Div.*)

CUM NEW.—When new stock is issued by a Company the buyer is entitled to the privilege to take this stock up until the original stock is quoted “ex new.” (*See Ex New.*)

CUMULATIVE PREFERENCE SHARES.—Should a dividend on these shares not be paid, same is a charge on the assets of the Company and must be satisfied before ordinary shareholders receive any dividend.

DEBENTURES.—A mortgage on any Company's assets carrying a fixed rate of interest and redeemable at a certain fixed date; transferable in much the same manner as shares.

DEBENTURE STOCK.—Same as debentures, except that when expressed as “stock” it is usually irredeemable.

DEFERRED DEBENTURE STOCK.—A stock which ranks on the assets of a Company immediately after the debenture or first mortgage stock.

DELIVERY OF REGISTERED STOCKS AND SHARES.—A proper delivery is constituted by the passing from seller to purchaser of a legally stamped transfer deed stating the names of the seller and buyer, the consideration money, the number and nature

of the shares transferred and the name of the Company. This document should be accompanied by the seller's certificate, if not it must bear an indorsement signed by the secretary of the Company stating that the certificate for the shares transferred has been lodged with the Company.

DIRECTORS.—Persons appointed under the Articles of Association of the Company who have authority to exercise all the powers conferred on them by such Articles of Association.

DISCOUNT.—When the market price of any security is below the nominal value; for instance, a fully paid £100 share standing at £95 would be at £5 discount.

DIVIDEND.—Profits divided amongst the stock or shareholders in any Company.

EXCHEQUER BILL.—Part of the Unfunded Debt. of the United Kingdom represented by bills of exchange issued under statutory powers.

Ex DIVIDEND.—Stock is sold ex dividend when at the time of the transaction a dividend has been declared on the stock but not yet received by the seller, therefore the seller is entitled to the dividend, although the purchaser may be the proprietor of the stock at the time of such dividend being paid.

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EX NEW.—When a company's stock commands a premium and the Company makes a new issue at par, the right to take up this new issue is usually given to the shareholders. If a shareholder now sells his stock, but wishes to reserve the right to the new stock to himself, he sells "ex new."

EX RIGHTS.—When a new issue of stock is made, or any other property acquired by a Company, the shareholders might be apportioned certain rights to same; therefore, when a stock is dealt in ex rights, it is understood that such rights have been disposed of and do not go along with the stock.

EXTRAORDINARY GENERAL MEETING. — A meeting of shareholders in a Company called for a special purpose.

FIVE TWENTIES.—The term applied to Government Loans redeemable at the option of the Government in five years and repayable within 20 years of date of issue.

FOREIGN STOCKS.—The Stocks of any Government other than the British nation.

FOUNDERS' SHARES.—The shares of a Company allotted to the founder of a company in part payment of the purchase price.

FUNDS, THE—The Funded Debt of the United Kingdom, usually known as "Consols."

GENERAL MEETING.—A meeting of shareholders which takes place at fixed intervals.

GOLD BONDS.—These are Debenture Bonds, the interest on which is payable in gold.

GOSCHENS.—The Two and three quarter per cent. Consols. So called through a gentleman of that name being Chancellor of the Exchequer when the Three per cent. Consols were reduced to $2\frac{3}{4}$ per cent.

GOVERNMENT SECURITIES.—The debts of any nation secured upon the rates and taxes of that country.

GUARANTEED SHARES.—Shares, the interest of which is guaranteed by the Company independent of earnings.

HAMMERED.—When a member of the Stock Exchange fails to meet his engagements, an announcement is made to that effect by the head attendant in Stock Exchange, who before doing so strikes three blows with a mallet on a rostrum in the building. When this ceremony has been performed, the member so “hammered” cannot transact business in the Stock Exchange again without the consent of the Committee.

HOUSE.—The slang term for the Stock Exchange.

IDENTIFICATION.—In transferring stock registered in books kept by the Bank of

England, the transferor or his attorney must attend at the Bank, be identified by a broker or his clerk, who is known to the Bank of England officials.

INCOME BONDS.—These are bonds usually issued in lieu of cash interest due on Debentures when the Company is unable to meet its obligations, and are, as a rule, “Deferred Bonds” as far as the existing mortgages are concerned.

INSCRIBED STOCK.—Stocks for which no certificates of proprietorship are issued, the names of the proprietors being registered in a book usually kept by a bank, transfers being made by buyer and seller attending either personally or by attorney, and signing the book.

INTERIM DIVIDEND.—A dividend paid at any period between the beginning and the end of the financial year of a Company.

JOBBER.—A dealer in stocks who buys and sells for his own account with the view of a profit.

LENDING STOCK.—When a shareholder lends his stock on the market for the purpose of benefiting by the amount paid for the loan of same, known as “Backwardation.”

LETTER OF ALLOTMENT.—The notice given by Directors to applicants for shares in a new Company, stating the number of shares which have been apportioned to them.

LETTER OF RENUNCIATION.—A document attached to the allotment letter of new stocks or shares, by signing which the person to whom the shares have been allotted can renounce same.

LIMIT.—Is the price an investor gives to his broker or dealer at which he is prepared to buy or sell stocks or shares.

LIMITED LIABILITY COMPANY.—A Company or partnership in which the members are not responsible for any sum beyond the amount which they have agreed to put into same.

LIQUIDATOR.—A person appointed to wind-up the affairs of a Company.

LIQUIDATION.—The realising of assets and the paying of liabilities in order to wind up a Company.

LONG.—Long of Stock is the American equivalent to "Bull."

MAKING-UP PRICES.—The prices at which stocks are revalued for the purpose of making up accounts on settling days.

MEMORANDUM OF ASSOCIATION.—When a Company is formed, the first seven subscribers sign a memorandum which contains the prime objects for which the Company is established. This memorandum cannot be altered, and every applicant for shares

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should also subscribe to the memorandum of association, and this is the reason why these are usually printed on the prospectus.

MINUTE BOOK.—A book recording the business of a company as transacted by the Directors.

NOMINAL VALUE.—The sum of money set forth on the certificates of stocks and shares as the amount originally paid up on same.

NON-ACCUMULATIVE PREFERENCE SHARES.—Shares on which dividends not paid during any financial year form no claim on future profits.

NOTICES TO SHAREHOLDERS.—Official notifications issued by the authority of the Board, calling meetings, making calls, and for other purposes.

OFFICIAL LIST.—The list of prices of stocks published daily under the authority of the Committee of the Stock Exchange. This list does not give the times of fluctuations, and as a check upon bargains is absolutely unreliable.

OFFICES OF THE COMPANY.—All Companies are by law bound to register at the Board of Trade the address at which the Company's offices are located.

OBLIGATIONS.—This is another name for Mortgage Debentures, both words having the same meaning.

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OPTION.—An option is a right to buy or sell stock at a certain previously agreed price within a certain period, independent of market movements which might take place in the meantime. The right to sell stock in this manner is called a “put” option, the right to buy is called a “call” option and the right to make either operation is known as a “double” option. The party buying the right is not compelled to exercise it.

OPTION EXAMPLE.—On 20th August, 1894, A purchased from B a right to sell to him £5,000 Caledonian Deferred, at any time before 30th September, at the price of 44. On 21st September A was able to purchase the same stock from another source at 41, so he exercised his option and called upon B to buy the stock from him at the agreed price of 44; thus A made a profit of £3 per cent. or £150. If A had not been able to buy the stock lower than 44 before the 30th September, he need not have done anything in the matter, but, of course, the purchase-money of the option paid to B would not in any case have been returned.

ORDINARY SHARES.—Part of the capital of a Company not entitled to dividend until preferential interests are satisfied.

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PAR.—Stocks are at par when the market quotation and the nominal paid-up amount are identical.

PAY DAY.—Is the day on which bargains are actually completed and the money paid and received and stocks delivered.

POOL.—Is the joining together of a number of persons for the purpose of effecting a common object.

POWER OF ATTORNEY.—An authority in legal form from one person to another to act on his behalf.

PREFERENCE SHARE.—That part of a Company's capital which ranks in priority over ordinary shares, but subsequent to mortgages or debentures.

PREMIUM.—When the Market Price of any Security is above the nominal paid up amount, such security is said to stand at a premium, as for instance: a fully paid £100 share standing at 108 would be at 8 premium.

PRICES.—All stocks are quoted at two prices, the difference in same constituting the Dealer's profit, *i.e.*, when an operator buys he pays the higher price and when he sells he receives the lower.

PROXIES FOR SHAREHOLDERS.—Should a shareholder be unable to attend any meeting, he may authorise another shareholder in the

same Company to do so. The document of authority is known as a proxy.

QUALIFICATIONS OF DIRECTORS.—The number of shares in a Company necessary to qualify a person to the right of being a Director as specified by the Articles of Association.

REGISTRAR.—The Government Superintendent of the Register of Joint Stock Companies at Somerset House.

REGISTER OF SHAREHOLDERS.—A book kept at the Company's offices which contains the names and addresses of all shareholders therein, together with the amounts and descriptions of their holding.

REGISTRATION FEE.—The amount paid for registering in the books of a Company any transfer of shares.

REGISTERED STOCK.—Stock which can change hands by means of a transfer document only.

REPORTS.—Statements issued by the Directors giving particulars of the workings and other information which may affect the Company.

RESERVE FUND.—A fund set aside out of the profits earned by a Company to meet any exigencies which may arise in the future.

RIG.—Rigging the market means buying up all the available stock of any particular Company, thus creating a scarcity and so

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running up the price to a figure which enables the party engineering the operation to re-sell at a profit.

SCRIP.—The provisional certificate of ownership of stock, which is exchangeable for the definite certificate or bond after all calls are paid.

SECRETARY.—A person appointed as the official organ, through whom all communications between the board of directors and the shareholders of the Company pass, except at general meetings.

SELLING OUT.—When a buyer fails to take delivery of stock which he has bought, the seller can dispose of securities elsewhere, and charge the original buyer with any loss on the difference which may arise thereby.

SETTLEMENT.—*See Account.*

SETTLING DAYS.—*See Account Days.*

SHARE WARRANTS.—Another name for certificates of proprietorship. This expression is generally used when certificates are made out to bearer, the proprietorship then passing by the certificates changing hands.

SHARES.—Parts into which the capital of a Company are divided. There can be various classes, having separate rights and privileges (*see Preference, Ordinary, Deferred Shares*).

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SHORT.—Short of stock is the American equivalent to “Bear.”

SIGNATORIES TO THE ARTICLES OF ASSOCIATION.—Before a Company can be registered, seven people must sign the Articles of Association as being subscribers, and these seven are known as the Signatories.

SPECIAL SETTLEMENT.—The Stock Exchange Committee may appoint a day, other than the usual fortnightly settling day, on which transactions in any new issue of stock are to be completed.

STAG.—The name given to a person who applies for shares in a new company in order to sell immediately on allotment, thus securing whatever premium may be offering.

STAMP DUTY.—The amount paid to Government on transfers, receipts, etc., etc.

STERLING BONDS.—These are bonds on which the interest is payable in pounds sterling.

STOCKS.—Another name for shares. There is practically no difference between the two expressions, stocks and shares.

SUBSCRIPTION.—The amount which anyone, applying for shares, agrees to put into a company.

TAKING IN STOCK.—When stock is received as security for money lent on the market or

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when a seller borrows stock to deliver on settling day, the operation is known as "taking in."

TAPE MACHINE.—Is the instrument of the Exchange Telegraph Co. which records the fluctuations in prices of stocks and the times they take place. Such prices and times are published in the special edition of the *Evening Standard* and form a positive check on all bargains done during the day.

TICKET DAY.—Is the day on which the names of the persons to whom stock is to be transferred, are passed to the seller for the purpose of making out the necessary transfer.

TRANSFER.—A document by which stocks and shares are transferred from one party to another.

TRANSFER FEES.—*See Registration Fees.*

UNCALLED CAPITAL.—The portion of the capital of a Company which has not been called up by the Directors from the shareholders, and remains as a liability still to be paid by them in case of need.

UNLIMITED LIABILITY.—A Company or undertaking in which the members are liable collectively, and individually for all the debts contracted by it.

VICE-CHAIRMAN.—The Director usually appointed to act in the absence of the Chairman.

VOLUNTARY LIQUIDATION.—When the shareholders of any Company agree among themselves to dissolve their Company or partnership, they satisfy all claims, realise assets and divide proportionately amongst themselves.

VOTING POWER.—When a division of opinion as regards anything which may take place in the working of a Company occurs, the question is settled by a majority of votes, so that the shareholders have power according to the extent of their holdings in deciding the future of the concern.

WIND UP.—*See Liquidation.*

A TABLE
OF
HIGHEST AND LOWEST PRICES
RECORDED
FROM 1882 TO 1894
INCLUSIVE.

HIGHEST and LOWEST PRICES of 150

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
HOME & COLONIAL STOCKS—										
Bank of England	291½	282½	302	288	313½	295	308½	287½	299½	291
Consols (Goschen's)	102½	99	102½	99½	102½	98½	101½	94½	102½	99½
Two-and-a-HalfperCuts.	..	..	..	..	93½	89½	92½	84	90½	88
Egypt 3 p.c. Guaranteed	..	..	..	..	..	..	98½	96½	100½	96½
Rupee Paper	105½	102½	105½	101½	105	100½	103½	97	104½	101½
Birmingham 3½ per Cent.	101½	97½	101	97½	104½	99½	101½	98½	105	100
Liverpool 3½ per Cent. ..	102½	98½	101½	99½	105½	98½	102	98½	104½	100
Manchester 4 per Cent. ...	112½	108	113½	110	119½	111	116½	114	119½	115
Metropolitan Consolid. ...	107½	104½	107½	103½	113	104½	109½	101	110	107½
Metropolitan 3 per Cent	99½	96½	98½	95½	103½	96½	100½	94	100	97½
Canada 4 per Cent.	107½	103½	108	102½	107½	102½	106½	101½	107	103½
Cape of Good Hope 4 p.c.	105½	100½	103½	95	103½	94½	103½	94½	107½	101½
India 3½ per Cent.	102½	99½	103½	101½	107½	101½	103½	96	102½	99½
New South Wales 4 p.c.	..	..	..	..	..	..	108½	102	111	105½
New Zealand 4 per Cent.	101½	94	102½	96½	104½	99	101	93½	103½	95½
Queensland 4 per Cent. ...	102½	96	101½	96½	104½	97½	106½	97½	104½	100½
FOREIGN STOCKS—										
Argentine 1886	..	..	..	..	..	..	..	..	91½	79½
Brazilian Gold Loan	..	..	92	86½	90	82½	88	81½	95½	86½
Buenos Ayres 6 per Cent.	99	93	100½	93½	101	93	93½	80½	97½	89

Principal Stocks and Shares—1882-1894.

1887		1888		1889		1890		1891		1892		1893		1894	
H.	L.	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
310	293	332	303	346	320	341	327	343	323	344	325	343	329½	338	322
103½	99½	100½	95½	99½	96½	98½	93½	97½	94½	98½	95½	99½	97	103½	98½
94½	87½	98½	92½	97	94½	95½	91½	95½	92½	96½	93½	98½	95½	102½	97½
101½	97½	104	99	102	100	102½	98½	102½	98½	104	100½	104½	101½	106	103½
75½	69½	73½	65	69½	63½	90½	68	82½	72½	74½	62	71½	61½	58½	54½
105½	102½	112½	105½	112½	110½	111½	107½	112½	107½	115½	100	116½	112½	120½	114
105½	102½	112	105½	114½	110½	112½	110½	112½	108½	116½	111½	119	115½	125½	116½
119½	116	126½	118½	128	125	129	125½	126	122	129½	124½	102½	98½	139	134½
111	106	115½	110½	113½	111	113	109	111½	107½	113	110	115	112	119½	114½
102	98	106½	100½	104½	101½	102½	98½	103½	99½	104½	100½	106½	102½	110½	105½
109½	103½	115½	107½	114	107½	108½	102½	108½	102	108½	105	108½	105	110½	106½
109½	102½	114½	105½	111½	107½	111½	106½	110	103	110½	103½	112½	107½	116½	109½
104½	100	108½	103½	109½	106½	109½	104½	110	103½	109½	105	110½	105½	113½	108
106½	118½	118½	110	118½	113	116	112	114½	104½	111	105	111	97½	105½	101½
100½	93½	104½	96½	109½	99½	109½	102½	107½	100	106½	100	107½	97	109½	104
104½	99	107½	101½	108½	103½	107½	100½	106	100½	102½	98	100½	88	105½	98½
96	84½	99½	90½	100½	90½	95	68	77½	52½	76	58½	72½	58½	69½	60½
99	93½	100	96½	102½	81	95	83½	92½	60	86	69	86	66	87	65½
100½	91	103½	96	104½	97½	100½	65	70½	27	42½	24	36	23	35½	23½

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
FOREIGN STOCKS—Continued.										
Chilian 4½ per Cent.	..		..		..		..		99½	98½
Egyptian Unified	73½	47½	76½	61½	69½	56½	69½	56½	77½	63½
Egyptian Preference....	96½	73	99½	85½	94½	80½	91½	71½	98½	87½
Egyptian Daira Sanieh..	73½	48½	76½	60½	68½	56	67½	53½	75	61½
French Rentes 3 p.c....	83½	78½	81½	74½	79	74½	82½	75½	83½	79½
Greeks	85	71	86½	80½	91½	82	89½	70	83½	67
Hungarian Gold Rentes	77½	67½	76½	71	80½	73	81½	72½	87½	79
Italian	90½	83	92½	85	98	88½	97½	88	101½	94½
Mexican 6 per Cent.	..		..		..		..		..	
Portuguese 3 per Cent....	54½	50½	54½	52	52½	46½	47½	41½	56½	43½
Russian 4 per Cent.	87	80½	88½	81½	96½	73½	97½	80½	101½	92½
Spanish 4 per Cent.	..		64½	55½	61½	54½	62½	50½	68½	52½
Turks 1871	78	52½	77½	62½	71½	64½	74	58½	75½	66
Do. Group I.	32	29	34½	25	36½	23½	38½	23	27	20
Do. do. II.....	24½	20	22½	15½	21½	13½	21	13½	15½	13½
Do. do. III. & IV.	22½	18½	21	14	17	13½	17½	12½	15½	12
Do. Ottoman Def. Loan	89½	60½	90½	74	83½	76½	86½	68½	89½	77½
United States 4 per Cent.	124½	119½	127½	120½	128	121	127	124	132½	123½
HOME RAILWAYS—										
Brighton "A"	146½	106½	122	99½	108½	80½	104½	79	119½	92½
Caledonian	112½	100½	110½	100½	103½	52	103½	90½	105½	96½
Caledonian Deferred	..		..		..		..		..	

HIGHEST AND LOWEST PRICES.

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1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
101½ 97½	103½ 97½	103½ 100½	105½ 98½	99½ 74½	94 87½	89½ 75	96½ 80½
77 67½	85½ 72½	94½ 83½	99 92½	98½ 91½	99½ 93½	102½ 97½	105½ 100½
100½ 91½	104 98½	106½ 101	105½ 100	95 86½	95½ 87½	98½ 92½	103 97½
74½ 64½	80½ 69½	88½ 79	88½ 79½	98½ 91½	99 93	103½ 98½	105½ 102
81½ 75	83 79½	88 81½	95 86½	95½ 92	100 94	107½ 102	103½ 95½
93½ 76½	97½ 88	78 73	76 68	74 49½	62 44½	76½ 28½	35 28½
82½ 72½	86½ 74½	88½ 82½	92½ 84½	92½ 86	96½ 90½	96½ 90½	102 92½
99½ 90	98½ 91½	97½ 90½	97½ 90½	94½ 85½	93½ 86	92½ 77½	86½ 71½
..	94½ 84½	99½ 91½	100½ 84	93½ 79	87½ 76½	85½ 52	72½ 57
58½ 49	65 55½	68½ 52½	64½ 53½	67½ 31½	32½ 22½	24 19½	26½ 19½
101½ 90½	101½ 86½	94 90	100 92½	100½ 86½	99½ 91½	100½ 99	103½ 97
68½ 55½	75½ 65½	77½ 71½	79 70½	77½ 61½	68½ 56½	67½ 58½	74 62½
78½ 67	87½ 71½	95½ 83½	99½ 93½	100½ 87½	98½ 92	101½ 95½	..
23 18	26 21½	38½ 35½	46½ 37½	45½ 38½	55½ 43½	57½ 53	66½ 56½
14½ 11½	14½ 14	23½ 21½	27½ 21½	26½ 20½	32½ 24½	35½ 29½	46½ 35½
13½ 12½	15½ 12½	17½ 17	19½ 17½	19½ 16½	23½ 18½	24½ 20½	29½ 23½
90½ 78	98½ 85	104½ 95½	106½ 99½	104½ 101½	95½ 89½	99 91½	102½ 98
132½ 127½	131½ 126½	132 129	129½ 123½	124½ 119	120½ 116	117½ 112½	118 114½
122½ 106½	133½ 111½	164½ 132½	169½ 149½	163½ 137½	163½ 146	159½ 142	161½ 147½
105 93½	118½ 99½	129½ 114½	132 114½	123½ 112	123½ 115½	121½ 111½	131½ 112½
..	..	..	54½ 41½	47½ 35	47½ 36½	39½ 30½	46½ 32½

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
HOME RAILWAYS—Continued.										
Chatham and Dover	32½	27½	29½	22	24½	17½	20½	13½	26½	18½
East London	..	..	..	..	..	..	17	9½	17½	8
Glasgow & South Western	123½	118	123½	114½	117½	107	110½	91½	104	95½
Great Eastern	79	69½	78	60½	69½	56½	69½	57½	74½	62½
Great Northern Ordinary	132½	123½	124½	111½	116	109	114½	104½	117½	108
Great Northern "A" ..	143½	133	134½	107½	112	95½	106½	92½	113½	102
Great Western	149	133½	148½	132½	145½	132½	140½	124½	139½	123½
Hull and Barnsley	..	..	..	..	..	..	..	..	29½	14½
Lancashire and Yorkshire	135½	127	132½	109	118½	111½	117½	104½	115½	99½
Midland	143	134½	140½	131	137	129½	134½	125½	131½	122½
Metropolitan Consolid...	124½	117	121	115½	118½	110½	..	..	..	..
Do. Surplus Lands	..	..	..	..	..	..	..	..	..	..
Do. Districts	65½	54½	62½	51½	72½	65½	60½	36½	44½	37
North British Preference	..	..	..	..	..	..	..	..	..	..
North British Deferred..	..	..	..	..	..	..	..	..	..	..
North Eastern	179	163½	175½	165½	171½	153½	160	142½	169½	142½
North Western	180	165½	178½	169½	174	162½	170½	163½	167	151½
North Staffordshire	85½	77	93½	83	92½	86	92½	81½	94½	88½
North London	183	174½	179	169	175	169	179½	168	189	177
Sheffield "A"	58	49	55½	44½	46½	34½	39	29	41	32½
South Western	138½	131	136	123	131	122½	129½	119½	128½	118½
South Eastern	141½	127	132½	121	128½	119	123	110	130½	117
Do. Dover "A"	132	114½	122½	108½	111½	95½	101½	77½	114	92½

HIGHEST AND LOWEST PRICES.

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1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
25½ 19½	25 19½	29½ 22½	26½ 18½	20½ 15½	20 16½	18 12½	18½ 12½
13½ 7½	12½ 8½	15½ 9½	11½ 9½	11½ 8½	10½ 8½	9 6½	7½ 6½
103½ 97½	109½ 98½	117½ 102½	119 98½	105½ 95½	112½ 99	112½ 105½	111½ 103½
70½ 64½	72½ 63½	84½ 68½	94½ 80½	97½ 87	91½ 82½	86½ 73½	83½ 70½
116½ 110½	120½ 111	132½ 117½	128½ 118½	113 106½	114½ 108	117½ 109½	116½ 109½
109 96½	106½ 96½	116½ 103	110½ 91	90½ 70½	78½ 59½	68 50	65½ 49
140½ 132½	152½ 138½	171½ 151	170½ 159½	166 152½	168½ 156½	168½ 150½	169 150½
41½ 16½	42½ 24½	39½ 32½	41½ 34	41½ 31½	41½ 32	33½ 20	34½ 26
123½ 113½	121½ 113½	127½ 117	125½ 115½	118 105½	111½ 103½	109½ 102½	115½ 102½
129½ 121½	136½ 124½	150½ 134½	150½ 140½	163½ 147½	164½ 152½	162½ 146½	162½ 145½
72 62½	77½ 64	92½ 74½	84½ 74½	92½ 76½	90½ 85½	89½ 81½	93½ 80
75 64½	72½ 65½	70½ 67	68 62½	74½ 62½	76 72	77½ 72½	86 73½
43½ 33½	37 29½	39 30½	34½ 28½	33½ 28½	33 28½	34½ 22½	32½ 26½
..	77½ 73½	80 75	79½ 72½	76½ 63½	72½ 67½	73½ 65½	79½ 70½
..	56½ 50½	65½ 55	74½ 61½	53 36½	48½ 36½	40½ 20	43½ 32½
158½ 149½	163½ 149½	177½ 162½	175 162	168½ 153½	163½ 151½	161½ 151½	166½ 154½
169½ 160	173½ 163	189 179½	185½ 174½	180½ 168	177½ 170½	176½ 162	179½ 161½
100½ 90½	114 99½	119½ 112½	120½ 110½	126½ 120½	130 122½	128½ 120	136½ 122
191 177	200 186½	205 193	201 192	201 195	208 197½	213 185	212 185½
44½ 33½	40 33	49 35½	53½ 34½	38½ 32½	39 32½	33½ 22½	32½ 20
133 123½	143½ 131	169 143½	166 161	163½ 164½	177½ 162	195 175½	197 180
132 124	134½ 124½	138½ 130½	134 125	128 115	121½ 107½	126 111	131½ 113
113½ 97½	114½ 98	117 104½	107½ 95½	97½ 79½	90½ 69½	89 68½	91½ 65½

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
COLONIAL & FOREIGN RAILWAYS										
Canadian Pacific.....	..		..		..		65	36½	75½	63½
Grand Trunk Ordinary..	29½	15½	28½	19½	18	7½	12½	6½	17½	9
Do. Firsts	110½	95½	108½	100½	104½	71½	78½	42½	85½	62½
Do. Seconds ..	101½	76	99½	81½	88½	43½	48½	29½	70½	36½
Do. Thirds	64½	32½	62½	32½	45½	20½	25½	14	41	18½
Do. Guar.	..		..		82½	70½	73½	60	79	5½
Mexican Ordinary	149½	81½	146½	60	64½	25	37½	20½	57½	25½
Do. First Preference..	167	129½	145½	114½	117	68	94½	71½	118½	78½
Do. Second Preference	119½	89½	109	76½	76½	35	63½	33½	77½	37½
Nitrate Rails	..		..		..		..		..	
AMERICAN RAILWAYS—										
Atchison	..		..		..		..		..	
Atlantic Firsts	62	42½	58½	39½	50½	31½	41½	21	55½	33½
Central Pacifics	101	87½	91½	63½	68½	29½	61	27½	62½	38½
Denver	76	40½	52½	23½	26½	7½	24½	4½	19½	16
Denver Preferred	..		..		..		..		..	
Erie Ordinary	44½	34	42	28½	29½	11½	29½	9½	39½	22½
Erie Preferred	90½	70	86	74	75½	29	67½	20½	83½	62
Erie Second Mortgage ..	101	89½	102½	93	96½	46½	94½	46½	106	100½
Illinois Central	155	131	152½	128½	142	113	143½	122	146½	136½
Lake Shore	..		118½	97½	106½	51½	93	52½	103½	77½
Louisville	..		..		50	23½	53½	23½	70½	54½
Milwaukee	..		110½	97½	97	61	101½	67½	101½	84½

HIGHEST AND LOWEST PRICES.

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1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
70½ 52½	64½ 52½	76½ 48½	86½ 66½	95½ 74½	97½ 37½	93 66½	75½ 59
17½ 11½	13½ 9½	13½ 9½	12½ 8½	11½ 8½	11½ 8½	9½ 6½	6½ 6½
85½ 72½	78½ 56½	80½ 65½	81 54½	74 55	73½ 56½	65½ 41½	46½ 34½
74½ 52½	60 37½	61 45½	60 34	54½ 34½	54½ 36½	44½ 26½	30½ 2½
41½ 25½	30½ 21½	35½ 25½	32½ 19½	29½ 19½	30½ 20	23½ 14½	17½ 12½
82½ 70	75½ 64½	80½ 71	81 69	77 68½	78 67½	75½ 56½	62 44½
67½ 34½	54½ 37½	58 39½	67½ 34½	52 27½	34½ 20½	24½ 10½	20½ 12½
131½ 107½	127½ 109½	133½ 112½	134½ 109½	125½ 102½	113 76½	87½ 54½	78 55½
90 65	86½ 67½	93½ 68½	95½ 67½	85½ 46½	58½ 35½	50 36½	44½ 27½
..	30½ 22½	28½ 19½	22½ 12½	19½ 11½	19½ 12½	17½ 11½	18½ 12½
..	..	..	..	..	..	37½ 10½	16½ 3½
51½ 37	43½ 32½	37½ 29½	41½ 29	42½ 29	40½ 28½	30½ 16½	22½ 14½
45½ 28	38 27½	38 34½	38½ 27	36½ 27½	36½ 28½	30½ 14½	19 11
33½ 21½	23½ 15	19½ 15½	22½ 14	21½ 14	19½ 15½	19 9½	13½ 7½
70½ 54	56½ 43½	54½ 42½	63½ 46½	65½ 41½	56½ 46½	58½ 26	38 24½
36½ 25½	31½ 22½	31½ 26½	30½ 16½	35½ 18½	35½ 23½	27½ 8½	19½ 9½
77½ 61½	69 53½	74½ 65	71 51	78½ 48	78½ 54½	59½ 19	40½ 22½
106½ 95½	104½ 93½	110 100½	108½ 96	111 98½	112½ 103½	107½ 57½	88½ 66
141½ 118	127 115	123½ 110½	124 90½	113½ 93½	113½ 98½	107½ 88	98½ 84
101½ 92½	107 85½	111½ 102½	117½ 106	130½ 109½	139 125	134½ 111½	143 124
71½ 56½	65½ 52½	90 57½	95½ 67	86½ 67½	87½ 66½	80½ 41½	59 43
97½ 72½	79½ 60½	76½ 62½	81½ 45	84½ 62½	84½ 77½	85½ 50	69½ 55½

NAME OF STOCK.	1882	1883	1884	1885	1886
	H. L.	H. L.	H. L.	H. L.	H. L.
AMERICAN RAILWAYS—Continued					
Missouri, Kansas & Texas	..	..	..	..	39½ 24
New York Central.....	140½ 127	133 116½	120½ 86½	110½ 83½	120½ 101½
Norfolk & Western	59½ 50	51½ 35	42½ 21	35½ 14½	60½ 26
Northern Pacific Preferred	..	..	..	..	68½ 60½
Ontario	..	..	17½ 8½	20½ 7	19½ 16½
Pennsylvania	66½ 55	66½ 57½	62½ 51	57½ 46½	62½ 52½
Philadelphia & Reading	35½ 25½	30½ 24½	30½ 8½	13½ 6½	26½ 9½
Union Pacific.....	..	..	84 30½	64½ 42½	69½ 46½
Wabash Debentures	..	..	70½ 35½	55½ 25	71½ 48½
Wabash Preference	..	58½ 30½	32½ 10½	25½ 4½	23½ 14½
BANKS—					
Imperial Ottoman Bank.	26½ 16½	21½ 14½	17½ 12	14½ 9	12½ 9½
London and County	81½ 72½	83½ 77½	85 79½	83½ 75	83½ 78½
London and Westminster	74½ 66	71½ 65½	71 66½	69½ 63	66½ 61
London Joint Stock	57 44	48½ 44	46 39	41 36½	39½ 36
National Provincial	48½ 43½	50 45½	50½ 45	51 47	51½ 47½
BREWERIES—					
Allsopp's Ordinary.....	..	..	..	..	..
Allsopp's Pref.	..	..	..	..	..
Bristol Brewery (George's)	..	..	..	..	..
City of London	..	..	..	..	..
Gillman & Spencer	..	..	..	..	..
Guinness & Son	..	..	..	..	..

HIGHEST AND LOWEST PRICES.

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1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
35½ 17½	18½ 10½	14½ 9½	21½ 12½	21½ 11½	21 13½	16½ 7½	17½ 11½
118½ 105½	114½ 105½	113½ 107½	113½ 98	123½ 101	122½ 111	114½ 96½	105½ 98
56½ 36	60½ 43½	64 48½	68½ 47½	59½ 47½	57½ 38½	40½ 16½	27½ 17
65½ 43½	65½ 43½	79½ 60	88½ 56½	81½ 61½	74½ 46½	51½ 15½	24 12½
20½ 15	18½ 14½	23½ 15½	23½ 13	24 14½	23½ 18	20½ 11½	18½ 14½
61½ 54½	58 53	57½ 52½	58½ 48½	59½ 50½	59½ 54½	56½ 47½	54 49
36½ 28½	34½ 27½	25½ 19½	25 14½	22½ 13½	32½ 20	27½ 6	12½ 6½
65½ 46	68½ 51½	73½ 58	70½ 41½	53½ 33	51½ 37½	43½ 16½	23½ 7½
65 44	55½ 38½	55½ 39½	59½ 30½	53 28½	21½ 35½	41½ 19	28½ 20½
38½ 24	29½ 21	35½ 25	37½ 16½	34½ 17½	34½ 23½	36½ 11½	19 13½
11½ 8½	12½ 9½	12½ 10	15½ 11½	15½ 10½	14½ 11½	14½ 12½	17 13½
86½ 80½	88 83	95½ 86½	95½ 88	96½ 90	95 88½	94 84	94½ 87½
67½ 61½	70 64	74½ 67	75½ 69½	75½ 67½	72 60	64 52	58 51½
39½ 35½	40½ 37	42½ 38½	42½ 36	40½ 35½	38½ 32½	39½ 30½	34½ 30
52½ 48½	53 49	57½ 50½	64 51½	54½ 49½	54 50½	54 47	51½ 46½
153½ 116½	127½ 77½	93½ 78½	86½ 40	47 20½	27½ 12½	55 17½	135 53½
131½ 122½	135 107½	127 111½	116 91½	95 63	76½ 44½	114½ 56	142½ 112
..	26½ 18½	32½ 25	32 24½	26½ 23½	26½ 23½	25½ 21½	25½ 21½
..	..	..	..	..	..	..	166 145
..	..	..	..	..	38 1½	2½ 1½	4 2½
300 251½	330½ 274½	347½ 300	357½ 298½	333 298½	340 312½	345½ 311½	364 341

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
BREWERIES—Continued.										
Guinness & Son, Pref. ..	..		..		..		..		..	
Jones, Frank	..		..		..		..		..	
Lion Brewery	42½	37½	38½	30	34	29	36	31½	38	35½
Manchester Brewery	..		..		..		..		..	
New Westminster	..		..		..		6	4½	7½	5½
Nalder & Collyer	..		..		..		..		..	
Parker's Burslem	..		..		..		..		..	
Threlfall's.....	..		..		..		..		..	
United States Brewing ..	..		..		..		..		..	
TRAMWAYS—										
Belfast	8½	5½	8½	7½	12½	8	12½	10½	11½	10½
Edinburgh	14½	10½	11½	9	11½	9½	11½	10½	12½	10½
London General Omnibus	218	190	198	160	215	190	227½	206½	236½	217
Liverpool	13½	10½	11½	5½	12	8	13	9½	12½	10½
London Street	14	11	17½	14	18½	16½	19½	17½	20½	18
London	15	12½	15½	13½	16½	14½	17½	15½	18½	16½
North Metropolitan	19	16	18½	16½	19½	17½	19½	17½	21½	19
MINES—										
Cape Copper	..		54½	44½	47½	37½	40	19	28	22½
De Beers	..		..		..		..		..	
Mysore Gold	..		..		..		..		..	
Ooregum	..		..		..		..		..	
Primitiva Nitrates	..		..		..		..		..	
Rio Tinto	31½	22	25½	18½	21	12	13½	7½	13½	10½
Thariss Sulphur	..		37½	6½	7	5½	5½	4	4½	3½

1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
142½ 132½	156½ 141½	159½ 151	159½ 150	160½ 151½	165 155½	166½ 151	176½ 162
..	..	..	11½ 7½	9½ 7½	9½ 7	7½ 4½	6½ 4½
39½ 34½	36½ 33½	37½ 34	37½ 35	37 33½	35½ 33½	..	40 35
..	10½ 8½	12½ 8½	12 10½	14½ 11½	14½ 12½	13½ 10½	14 10½
7½ 6½	6½ 5½	5½ 5	5½ 4½	6½ 5½	6½ 6	7½ 6	7½ 6½
..	..	..	13 12	14½ 11½	13½ 12	14 13	16½ 13
..	..	13½ 11½	14 12	14½ 11½	14½ 12½	14½ 11½	16½ 12½
..	12½ 10½	16 12	17½ 15½	16½ 13½	16½ 15½	16½ 14½	23½ 16½
..	..	..	12½ 10½	11½ 9½	10½ 7½	9½ 5½	9½ 6½
11½ 10½	14½ 11½	16½ 11½	16 14½	16 13½	14½ 12½	15 13½	15½ 14½
11½ 10½	13½ 11½	14½ 12½	13½ 10	12½ 10½	10½ 8½	10½ 8½	4½ 3½
230 193	220 185	208 172	200 177	196 130	142 105½	139½ 110	162 137
12 8½	9½ 7½	11½ 8½	12 9½	11½ 10	10½ 9½	10½ 8½	10½ 9
20½ 15½	17½ 11½	14½ 11½	13½ 10½	12½ 7	8½ 6	7½ 6	10 4½
20½ 15	16½ 13½	17 14½	17½ 14½	17½ 9½	11½ 7½	10½ 9	12½ 8½
21½ 17	19½ 16½	19½ 17½	19½ 17½	19½ 13½	14½ 9½	12½ 10½	13½ 9
50½ 21	76 43	6½ 2½	5½ 3½	4½ 1½	2 1½	1½ 1	1½ 1
..	..	..	20½ 15	17½ 10½	18½ 13½	21½ 13½	19½ 14½
..	4½ 2½	6½ 3½	6½ 4½	6½ 4½	5½ 3½	4½ 3½	3½ 2½
..	1½ ½	2½ 1½	2½ 1½	3½ 1½	4½ 3½	5½ 4½	5 2½
..	39½ 13½	38½ 20½	23½ 5½	10½ 5½	8½ 4½	7½ 3½	5½ 2½
23 7½	27½ 17½	25½ 9½	27½ 14½	23½ 16½	19½ 14½	16½ 12½	16½ 12½
6½ 2½	7½ 4½	5½ 3½	6½ 4½	6½ 5½	5½ 4½	5½ 4½	5½ 4½

NAME OF STOCK.	1882		1883		1884		1885		1886	
	H.	L.	H.	L.	H.	L.	H.	L.	H.	L.
WATERWORKS—										
East London	219	187	201	184½	194	165	192	173	201	184
Grand Junction	128	107½	115½	100	110	92	120¾	103½	127	113¾
New River	..	..	..	..	..	..	..	..	342	334
MISCELLANEOUS—										
Bell's Asbestos	..	..	..	..	..	..	..	..	..	..
Bryant & May	..	..	..	..	..	..	19¾	7¾	20½	15½
Coats, J. & P.	..	..	..	..	..	..	..	..	..	..
Eley Brothers	38½	31½	39½	34	38	31½	38¾	37½	39½	34½
Eastern Telegraphs	11½	9½	11½	10½	12½	10½	12½	9½	12½	10½
Eastern Extension	12½	10½	12½	11½	12½	11	13½	11½	13½	10½
Gas Light and Coke Co. .	183½	167	207	183½	227	199	241½	219	253	233
Hudson's Bay	40¾	25½	33½	20¾	26	21¼	24½	14½	26½	21½
National Telephone	..	..	..	..	..	..	13½	9½	14½	11½
National Safe Deposit ..	6½	5½	6½	4½	6½	4½	4½	2½	4½	3½
Price's Patent Candle Co.	..	..	..	..	..	..	16½	11½	18½	15½
Salt Union	..	..	..	..	..	..	..	..	..	..
Spiers & Pond	..	..	..	..	..	..	..	..	..	..
South Metropolitan Gas.	212½	196	279	209½	276	242	291	258	311	289
Spratt's Patent	..	..	..	..	..	..	..	..	..	..
Suez Canal	137	79½	105½	73	86½	71½	88½	71½	88½	77½
Swan United	..	..	..	..	..	..	1½	½	1½	½
Peninsular and Oriental.	64½	55½	61	53½	65½	57½	65½	57½	67½	59

HIGHEST AND LOWEST PRICES.

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1887	1888	1889	1890	1891	1892	1893	1894
H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.	H. L.
203 188	203½ 190	219 202½	218½ 207	220½ 196	209 193	221 205	236½ 217½
126½ 118	127½ 120	131 122	127 120	124 98	107½ 90	116 106	123½ 110½
346 324	353 323	368 348	371 360	360 335	338 323	348 325	388 350
..	19½ 9	20½ 16½	21½ 10	16½ 6	7½ 6	6½ 3½	8 4
17 12	14½ 12½	14½ 12½	14½ 13½	14½ 13½	15½ 13½	15½ 14½	15½ 13½
..	..	..	12½ 11½	16½ 12	16½ 13½	16 13½	23 16½
39½ 36	42 36½	45½ 40	45½ 40	45 40½	44½ 32½	37½ 27	31½ 24½
11½ 10½	12½ 11½	14½ 12½	14½ 13½	15½ 13½	15½ 14	15½ 14½	16½ 14½
12½ 10½	13½ 11½	14 12½	14½ 12½	15½ 14½	15½ 14½	16½ 14½	16½ 13½
259½ 228	263 233	269½ 239	254 232½	252 206	226½ 202	237 217½	255 226½
25½ 20½	23½ 16½	22½ 18½	22½ 17½	19½ 14½	16½ 13½	17 12½	15½ 12½
13½ 11½	15½ 11½	6½ 5½	6½ 4	5½ 4½	5½ 4½	5½ 4½	5½ 4½
4½ 2½	3½ 2½	4½ 3½	4½ 4	4½ 3½	4½ 3½	4½ 4	4½ 3½
18½ 16½	22 17½	25½ 21½	27 23½	31 25½	28½ 23	26½ 22½	27½ 24½
..	..	13½ 9½	13½ 9½	10½ 3½	5½ 3½	5½ 2½	5½ 2½
..	12½ 10½	15 11	16½ 14	17½ 13½	16½ 13½	17½ 15½	17½ 15½
325 297	324 297	326 283	305 283	289 255	292 265	311 287	342 309
..	11 7½	10½ 7½	9 6½	7½ 5½	8½ 6½	9 8	10½ 8½
83½ 75	89½ 81½	97½ 85½	97½ 90	116 94	113 102½	109½ 100½	124 106½
1½ 1½	2½ 1½	6½ 2½	5½ 4½	5½ 4½	4½ 3½	3½ 1½	..
64½ 58	66½† 60½	77½ 64½	134½ 125	139 127½	137 128	194 180	193½ 168

† Converted.

DIVIDENDS PAID,

Name of Stock.	1882	1883	1884	1885	1886
Bank of England	10½	10½	9½	9½	9½
HOME RAILWAYS—					
Brighton "A"	2½	3	3	2½	4½
Caledonian	4½	4½	4½	4	3½
Caledonian Deferred....	..	..	..	..	..
Chatham & Dover	nil	nil	nil	nil	nil
East London	nil	nil	nil	nil	nil
Glasgow & South Western	5½	5½	4½	4	3½
Great Eastern	2	1½	2	2	2½
Great Northern Ordinary	5	4½	4½	4½	4½
Great Northern "A"....	4	3½	3½	3	2½
Great Western	6½	6½	6	5½	5½
Hull & Barnsley.....	..	..	..	..	nil
Lancashire & Yorkshire..	4½	4½	4½	3½	3½
Midland	5½	5½	5½	5½	4½
Metropolitan Consolid...	5	5	5	4	4½
Do. Surplus Lands	..	..	..	..	..
Do. Districts	½	nil	nil	2½	2½

NOTE.—Those marked —, 2nd

1882-1894.

1887	1888	1889	1890	1891	1892	1893	1894
9½	10½	10½	11	10½	9½	9½	9
5	6½	8½	8	7	7	5½	6
3½	4½	5½	4½	4½	4½	4½	—
..	..	..	1½	1½	1½	1½	—
nil	nil	nil	nil	nil	nil	nil	nil
nil	nil	nil	nil	nil	nil	nil	nil
3½	4	4	3½	3½	4½	3½	—
2½	2½	2½	3	2½	2½	1	1½
4½	4½	4½	4½	4½	4½	3½	—
2½	2½	3½	3½	2½	2½	nil	nil
5½	5½	6½	6½	6½	5½	4½	—
nil	nil	nil	nil	½	nil	nil	nil
4½	4½	4½	4½	3½	3½	3½	—
4½	5½	6	6½	6½	6	3½	5½
3½	2½	2½	3	3½	3½	2½	2½
1½	2½	2½	2½	2½	2	2½	2½
½	½	nil	1½	2½	3	1½	nil

half of 1894 not yet declared.

Name of Stock.	1882	1883	1884	1885	1886
HOME RAILWAYS—Continued.					
North British Preferred .	..	..	..	..	..
North British Deferred..	..	..	..	..	..
North Eastern.....	8½	8½	6½	6	5½
North Western	7½	7½	6½	6½	6½
North Staffordshire	3½	4	3½	3½	3½
North London.....	7½	7½	7½	7½	7½
Sheffield "A"	nil	nil	nil	nil	nil
South Western	5½	5½	5½	5	5
South Eastern.....	5½	5½	4½	4½	5½
Do. Dover "A"	4½	4½	3½	3½	4½
COLONIAL & FOREIGN RAILWAYS					
Canadian Pacific.....	..	..	..	3	3
Grand Trunk Ordinary..	nil	nil	nil	nil	nil
Do. Firsts.....	5	5	3½	nil	nil
Do. Second	5	5	nil	nil	nil
Do. Third.....	1½	1½	nil	nil	nil
Do. Guaranteed	..	..	..	2	4
Mexican Ordinary	11½	6	½	nil	nil
Do. First Pref....	8	8	8	7	6½
Do. Second Pref..	6	6	6	1½	nil
Nitrate Rails	..	..	..	..	..

DIVIDENDS PAID %

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1887	1888	1889	1890	1891	1892	1893	1894
..	3½	3	2½	2	2½	3	—
..	1½	2½	½	¾	¾	¾	—
5½	6½	7½	7½	6½	4½	5½	—
6½	6½	7½	7½	7	6½	5½	6½
3½	4½	4½	5	5	4½	4½	—
7½	7½	7½	7½	7½	7½	6½	—
nil	nil	¾	nil	nil	nil	nil	nil
5	5½	6	6	6	6	6	—
5½	4½	4½	4½	4½	4	3½	4
4½	3½	3½	3½	2½	2	1½	2
3	3	4	5	5	5	5	5
nil	nil	nil	nil	nil	nil	nil	nil
5	nil	2½	1½	nil	nil	2½	nil
½	nil	nil	nil	nil	nil	nil	nil
nil	nil	nil	nil	nil	nil	nil	nil
4	3½	4	4	3½	3½	2½	nil
nil	½	½	1½	¾	nil	½	nil
8	8	8	8	7½	2½	1½	¾
4½	6	6	6	3	nil	nil	nil
..	25	25	20	20	20	20	16½

Name of Stock.	1882	1883	1884	1885	1886
AMERICAN RAILWAYS—					
Atchisons	..	..	..	..	..
Atlantic Firsts.....	Funded		..	..	..
Central Pacifics	6	6	3	nil	nil
Denver	nil	nil	nil	nil	nil
Do. Pref.....	..	..	..	..	..
Erie Ordinary	nil	nil	nil	nil	nil
Do. Preferences.....	..	..	..	..	..
Do. Second Mortgage ..	6	6	6	6	6
Illinois Central	7	8	10	8	7
Lake Shore	..	..	..	nil	2
Louisville	..	..	..	nil	nil
Milwaukee	7	7	5	5	5
Missouri, Kansas & Texas	..	..	..	..	nil
New York Central.....	8	8	7½	3	4
Norfolk & Western	..	..	..	..	..
Northern Pacific Pref. ..	..	..	..	..	..
Ontario	nil	..	..	..	..
Pennsylvania	8½	8½	7	4½	5
Philadelphia & Reading	nil	nil	nil	nil	nil
Union Pacifics.....	..	..	..	..	..
Wabash Debentures	..	..	..	..	..
Do. Preference	..	..	..	..	..

1887	1888	1889	1890	1891	1892	1893	1894
..	..	..	1½	1	1½	1½	nil
..	..	..	..	..	..	..	Def. War.
1	2	2	2	2	2	1½	nil
nil	nil	nil	nil	nil	nil	nil	nil
5	1½	1½	4	nil	2	nil	nil
nil	nil	nil	nil	nil	nil	nil	nil
..	..	nil	nil	3	nil	nil	nil
6	6	6	6	6	6	In arrear	nil
7	6	6	6	4½	5	5	5
4	5	5	6	6	6	6	6
2	5	6	5½	5	4	3	nil
5	nil	nil	nil	nil	4	3	4
nil	nil	nil	nil	nil	nil	nil	nil
4	4	4½	4½	4½	5	5	5
..	3	3	3	3	1	nil	nil
..	..	2	4	4	2	nil	nil
..	..	..	..	..	..	..	nil
5½	5	5	5½	6	5½	5	5
nil	nil	nil	nil	nil	nil	nil	nil
..	..	nil	nil	nil	nil	nil	nil
..	..	..	..	..	..	..	nil
..	..	nil	nil	nil	nil	nil	nil

Name of Stock.	1882	1883	1884	1885	1886
BANKS—					
Imperial Ottoman	15	10	8	6	5
London & County	22	22	21	20	20
London & Westminster..	18	17	16	15	15
London Joint Stock	17	15	14½	13¾	13¾
National Provincial	20	20	20	20	19
BREWERIES—					
Allsopp's Ordinary.....	..	..	..	..	..
Do. Pref.....	..	..	..	..	..
Bristol Brewy. (George's)	..	..	..	..	..
City of London	14	12	12	13	14
Gillman & Spencer.....	..	..	..	..	..
Guinness & Son	..	..	..	..	..
Do. Pref.....	..	..	..	..	..
Jones, Frank	..	..	..	..	..
Lion Brewery	16	12	9	12	12
Manchester Brewery....	..	..	..	..	..
New Westminster	..	..	..	..	..
Parker's, Burslem	..	..	..	..	..
Threlfalls	..	..	..	..	..
United States Brewing..	..	..	..	..	..

1887	1888	1889	1890	1891	1892	1893	1894
5	5	5	7	7	7	7	6
20	20	20	22	22	20	20	—
15½	15	16	17	14	12	12	11
13½	13½	12½	12½	11½	10	10	10
19	19	20	20	20	19	18	17
7	5½	4½	1½	nil	nil	2	4
6	6	6	6	4½	3½	7	9
..	15	18	19	16	16	15	15
15	15	15	15	15	reconstituted 9	9	8
10	8	9	8	5	5	7	6
14	15	15	15	15	15	15	15
6	6	6	6	6	6	6	6
..	..	..	12	12	12	10	5
12	12	12	12	12	12	12	12
..	..	8	8	12	12	10	8
10	8	8	8	10	10	10	10
..	..	12	12	12	12	12	10
..	..	9	10	10	10	10	10
..	..	..	15	15	10	10	10

Name of Stock.	1882	1883	1884	1885	1886
MINES—					
Cape Copper.....	..	250	225	118	56
De Beers	..	..	..	..	..
Mysore Gold	..	..	..	..	..
Ooregum	..	..	..	..	..
Primitiva Nitrates	..	..	..	..	..
Rio Tinto	14	14	8	6	4½
Tharais Sulphur	..	..	..	..	..
WATERWORKS—					
East London	7	7½	7½	7½	7½
Grand Junction	8½	8½	8½	9½	9½
New River	11½	12½	12½	12½	12½
MISCELLANEOUS—					
Aerated Bread Co.....	7	8	10	12½	22½
Bell's Asbestos.....	..	..	..	..	..
Bryant & May.....	..	..	12	22½	20
Coats, J. & P.	..	..	..	..	..
Eley Brothers	30	25	20	25	25
Eastern Telegraphs	6	5½	6	6	5½
Eastern Extension	6½	6	7	7	6
Gas Light & Coke Co. ..	10½	11	12	12	12
Hudson's Bay	4½	4½	8	5	6
National Telephone	..	..	2½	3½	3½
Price's Patent Candle ..	..	..	6½	6	6
South Metropolitan Gas..	13½	13½	14½	14½	16½
Spratt's Patent	..	..	..	..	19
Suez Canal	11½	13½	12½	15	16
Peninsular & Oriental ..	8	8	7	8	6

DIVIDENDS PAID %

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1887	1888	1889	1890	1891	1892	1893	1894
118	135	15½	17½	7½	6½	6½	6½
..	..	16	20	22½	25	25	25
..	22½	72½	75	65	30	55	10
..	..	..	..	10	35	47½	25
..	30	40	nil	nil	nil	nil	nil
11	17	10	16½	10	7	7	4
..	..	20	22½	12½	15	12½	—
7½	7½	7½	7½	8	8	8	8
9	9	9	9	8	8½	8½	8½
12½	12½	12½	12½	12½	12½	12½	12½
22½	25	25	28	28	30	32½	25
..	22½	22½	15	10	7½	nil	10
20	17½	17½	17½	17½	17½	17½	15
..	..	..	5	8	8	8	8
25	25	25	25	25	20	25	10
6	6½	6½	6½	6½	6½	6½	6½
6½	6½	7	7	7	7	7	5 int.
12½	13	13½	13	12½	12	12	12
nil	4½	4½	2	2	4	nil	nil
4½	5½	6	5½	6	6	5	5
6	7½	7½	8½	9½	7½	6	6
15½	15½	14½	14½	15½	15½	15½	15½
14	14	10	10	10	10	10	10
15½	15½	17½	17½	18½	18½	17½	17½
6	6	9	13	10	10	10	10

RECEIVED